

## Fewer out of work for first time in two years

The first fall in almost two years has been registered in Britain's unemployment figures, which fell in the four weeks to March 11 by 6,200 to 1,178,600. Mr Foot, Secretary of State for Employment, expressed great relief at the figures but gave a warning against false optimism.

## Mr Foot expresses 'great relief'

By Melvyn Westlake  
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Unemployment in Britain has fallen for the first time in two years, Mr Foot said yesterday, but he warned against false optimism. The drop in the number of people without work this month was greeted with "great relief" by Mr Foot, Secretary of State for Employment, in a statement issued yesterday with the figures.

But he cautioned against false optimism. "We have a long way to go before we can say we have defeated unemployment," he said. "We need to see a marked improvement in the jobless rate for many months before we can be sure that we are winning the battle."

Yesterday's figures are the first since Mr Foot took office in January. They will enable him to resist the mounting political pressure to resign. The apparent improvement in the labour market is supported by the fact that the number of people without work has fallen for the first time in two years, Mr Foot said yesterday, but he warned against false optimism.

At the same time the number of people without work has fallen for the first time in two years, Mr Foot said yesterday, but he warned against false optimism.

With the increase in industrial output which is now moving into the fourth quarter, the prospects for employment had

already begun to look brighter. But it is the rapidity with which the labour market seems to be responding to the economic situation that is perhaps surprising. "Normally, an increase in employment opportunities takes between six months and a year behind a recovery in economic activity."

The rough in the recession would seem to have only been passed in about the third quarter of last year. Thus, many forecasters had expected unemployment to continue rising at least until the early summer. In its latest review the National Institute for Economic and Social Research predicted that unemployment would go on rising through the rest of this year and into next year, reaching 1.5 million.

But there remains a big division of opinion about how strong the recovery is likely to be. Official forecasts are striking more optimistic about the growth of world trade and the British economy than those of many independent bodies.

Exports are seen as the main motor for recovery, and there has been a marked increase in the volume of overseas sales in recent months. Government spending has continued to play an important part in maintaining demand within the economy.

By contrast, consumer spending only began to show signs of recovery around the turn of the year, and it is uncertain whether this has been sustained. There appears, however, to be good grounds for believing that, as inflation abates, there will be a greater tendency for people to run down the current high level of savings and thus increase consumption.

It was the high level of savings, together with an unprecedented run down in stocks by industry, that largely caused the fall of 2 per cent last year in the nation's total output of goods and services (gross domestic product).

Total unemployment in Britain, including school leavers and before seasonal adjustment, declined by 18,844 to 1,234,583 (5.4 per cent of the working population). There was a rise of 400 to 48,000 in the number of people unemployed in Northern Ireland.

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## Mr Smith rejects Callaghan terms

From Nicholas Ashford Salisbury, March 23

Mr Ian Smith, the Rhodesian Prime Minister, tonight issued a statement firmly rejecting the proposals set out by Mr Callaghan, the Foreign Secretary, in Parliament yesterday under which Britain would be prepared to involve itself in attempts to settle the Rhodesian constitutional crisis.

The statement issued after a meeting of the Rhodesian Cabinet this morning said the comments of Mr Callaghan's speech did "not offer any hope of making real progress towards the constitutional settlement which we all desire."

Mr Callaghan had chosen to disregard the realities of the Rhodesian situation and had come up with proposals which were "no less extreme than those of the ANC" (African National Congress).

These included a revival of the demand for "no independence before majority African rule" which had first been put forward by Mr Wilson some years ago. "This demand is as unrealistic and unacceptable now as it always has been," Mr Smith said.

He rejected Mr Callaghan's claim that preparation on his part had been responsible for the collapse of the talks between the Rhodesian Government and Mr Joshua Nkomo's wing of the ANC. The talks had broken down because of the "extreme and unacceptable nature of Mr Nkomo's demands."

He added that the break would have come earlier if his negotiating team had not spent over three months in "patient discussion" trying to bridge the wide gap that separated the two sides.

It was because he was aware that the talks were likely to founder that he asked Mr Callaghan to send an emissary. Mr Smith went on to say that Lord Greenhill, who visited Salisbury earlier this month at Mr Callaghan's request, had been left in no doubt, as a result of his talks with a wide cross-section of leaders in commerce and industry, "of the chaos which would follow premature black rule."

The timetable for majority rule laid down by Mr Callaghan has been criticized by the two small opposition parties. Mr Tim Gibbs, the leader of the Rhodesia Party, said a handover to 18 months to two years would result in a "totalitarian" government to administer a country as sophisticated as Rhodesia after such a short apprenticeship.

Although his party did not quarrel with Mr Callaghan's assertion that the principle of majority rule must be accepted before Britain would enter negotiations, Mr Gibbs said that the Foreign Secretary appeared so eager to have "the embargo lifted" that he was prepared to accept the dire consequences of a speedy transfer of power.

Mr Pat Bassford, the leader of the Patriotic Front Party, urged Mr Smith to accept Mr Callaghan's preconditions except the question of the timetable. He said the timetable must depend on franchise qualifications agreed at a constitutional conference. The latter consideration, he said, was necessary for the registration of voters and the preparation of necessary legislation.

However, the Centre Party welcomed Britain's preparedness to end sanctions and the fact that both Britain and Rhodesia were prepared to enlarge the present conference to include the opposition parties.

Talks on strategy, page 8

## Mr Healey and Mr Benn clash over import controls

By Michael Hatfield Political Staff

Mr Healey, Chancellor of the Exchequer, a contender for the Labour leadership, and a former member of the national executive committee, had some sharp words for his old committee colleagues yesterday at a joint meeting of the Cabinet and the executive.

Cabinet ministers spent the morning offsetting pressure from the left on the national executive for the implementation of import controls and a more interventionist policy in the Government's industrial strategy.

Mr Healey, who has heard the arguments for the past six months, told the left-wing dominated committee: "The case for what we are doing is not to spend all their lives criticising their government."

All six contenders for the leadership were present at the meeting, but two of them, Mr Callaghan and Mr Foot, did not join in the discussion.

In reality, the contributions will have little bearing on the result of the first ballot, which closes at noon tomorrow, particularly as about all but 20 of the 317 eligible MPs have cast their vote.

There was a difference of opinion between Mr Healey and Mr Wedgwood Benn over a paper presented by Transport House research staff on import controls. Mr Benn argued that the paper followed the lines adopted by the TUC economic review, but the Chancellor stated that that was not the case.

The economic review proposed highly selective import controls in narrow areas whereas the paper was asking

for controls covering the whole area of manufacturing industry. Wilco Mrs Judith Hart, chairman of the industry committee, argued that some eminent economists supported the need for import controls. Mr Healey said that the so-called "Cambridge school" was often wrong.

The Chancellor told the meeting that the Government had increased public expenditure in real terms by 20 per cent, but "we cannot do it without making it impossible to carry out our industrial strategy."

He added: "The real choice is what the priorities should be. We tried to choose the priorities. We have increased money on jobs and on trade and on housing by £500m in 1975-76."

"We shall continue to spend much more on housing, pen-

sions, and social security in the next four years. There has to be some cut in plans in other areas, and you cannot perform your duty as a socialist if you do not concentrate the cuts where you think they will do least damage to our priorities."

At their tactical meeting yesterday, Mr Callaghan's campaign team was well satisfied with its estimates of the weight of its support on the first ballot. They allow for the possibility that Mr Foot may lead tomorrow, when the first votes are declared, but their own figures are as follows:

Mr Callaghan, 102 votes; Mr Foot, 90; Mr Jenkins, 55; Mr Healey, 19; Mr Benn, 24; Mr Crosland, 11; don't know, 13. The Callaghan team has also looked ahead to the second ballot, the result of which will be announced next Tuesday. The second choices of the votes

suggest that there will be a big swing to Mr Callaghan if Mr Healey and Mr Crosland, and eventually Mr Jenkins, are eliminated in later ballots.

It was again decided yesterday that Mr Callaghan should be advised not to compete with other candidates in manufacturing, syndicates, publicity, but that any attention he gets from broadcasting and newspapers should arise naturally from his discharge of his duties as Secretary of State for Foreign and Commonwealth Affairs.

Last night it became noticeable that ministers closest to Mr Wilson are openly declaring their commitment to Mr Callaghan. Nevertheless, the voting pattern, after the first ballot, will be decisive.

There are about 80 ministerial votes to be cast, and it is Continued on page 2, col 1



Mr Wilson greeting the Queen for his farewell dinner as Prime Minister last night at 10 Downing Street. (Dinners, page 18)

## Unions win right to prevent dockers encroaching on jobs

By Our Labour Staff

Trade unions have won the right to veto plans to extend the National Dock Labour Scheme through an amendment to the controversial Dock Work Regulation Bill.

The amendment is likely to remove the main reason for union opposition to the Bill which, in broad terms, would have meant the classification of dock work as dock work of all cargo handling within five miles of a waterfront. The amendment says that a union can object to work being classified as dock work if the union is recognized by the employer as fully representing the workers. To make an objection, the union must have been recognized by the employer as representing the workers for at least six months since September 18, 1967.

In spite of this apparent conciliatory gesture to the other unions, Lord Allen of Fallowfield, general secretary of the Union of Shop, Distributive and Allied Workers, said: "We were not consulted on the working of this amendment and it does not seem to overcome our general objections to the extension of the Bill."

Lord Allen, whose members are heavily represented in warehouses and cold stores, said his objection was based partially on the complexity of his union's agreements covering work within the five-mile corridor.

Members in many unions had expressed fears that the extension of the scheme would

enable dockers to take over their jobs, but the proposed amendment appears to give them power to prevent that. The right to veto plans to extend the scheme is not lost if the employer is changed or if the plant is moved.

Members of the Commons committee considering the Bill have been sent copies of a letter from Mr H. V. Young, a Transport and General Workers' Union co-ordinator, asking for support for the "Barry Seven".

Mr Young says that the men's jobs have been taken over by dockers who won the right to them after the war. "We do not dispute that this is dockers' work; what we are concerned about is what will happen to our seven men."

Mr Young says: "Brother Jack Jones has stated many times that no one would lose their jobs under the Dock Work Regulation Bill, and a statement by five national officers in a recent issue of The Record (the union's journal) said the same, but we feel that if dockers will do this under an arbitration award, how many of our members' jobs will they claim when they have the law to back them up? It seems to us that it is another case of the tail wagging the dog."

He adds that because of the night of the Barry Seven, employed by Geest Industries Ltd, he is receiving many requests for the 2,000 members throughout Geest depots to transfer to another union.

## Priceless masterpieces found after 13 months

From Our Own Correspondent Rome, March 23

Three priceless Renaissance paintings stolen on February 6 last year from the Ducal Palace in Urbino, have been recovered in Locarno, Switzerland. The paintings are Piero della Francesca's "The Flagellation of Christ" and "The Madonna of Senigallia" and Raphael's "Tiger Hunt".

The paintings were found in a raid by the Swiss police and Italian carabinieri on a hotel in Locarno. The police in Como, on the Italian side of the frontier, said arrests could soon be expected in Urbino.

Signor Mario Pedini, the Minister of Culture, congratulated the carabinieri for their part in the recovery. He said that the affair should be a warning to intensify efforts and the use of technical means for the defence of our patrimony and for discouraging criminals involved in this traffic, and thus ensure the safety of our masterpieces.

March 23.—Dr Rodolfo Siviero, the head of the Italian Art Recovery Department, said that the pictures had been stolen between checks by the palace's night watchman.

He added that three or four people, whose names were all known to the police, were involved. All were from the Urbino area.

In February last year a man was arrested in connection with the theft but the police released him because of insufficient evidence.—Reuter.

## Fierce Argentina fears coup

Buenos Aires, March 23.—Members of Congress in Argentina cleared out their desks today as rumours grew that the military coup since 1930 was imminent.

It is difficult to see the generals would act at dawn today to overthrow President Peron. Speculation that a coup was being planned, fanned by the fact that Peron had been in the city for the first time in 10 years, was dismissed by the military today and the guard was reinforced.

One congressman tried to secure advance payment of his salary for March. He told the newspaper La Prensa: "I must collect now because after the coup, God knows when."

If it did step in, the military would be acting to try to heal a deepening economic crisis and quell political violence. There have been more than 160 political killings this year. President Peron remained at his suburban home for the morning but later went to Government House with two large suitcases.—Reuter and A.P.

## Ministers bow to rebels in metrification

Another Commons defeat, the Government decided not to proceed with metrification Bill tomorrow. Backbenchers who fear concealed profiteering in a drop in Labour rates had threatened to bring the Bill in the present session. The Government may not proceed with the Bill in the present session. (Political Correspondent writes) but the Government may be less easy to hold up the Bill.

## Threat to the EEC

The failure of EEC governments to tackle the common agricultural policy was posing a threat to the existence of the Community. Mr Pierre Lardinois, the Commissioner for Agriculture, said in London.

## Bewbush denial

Mr Lionel Brooks, former owner of the Bewbush estate in Sussex, has made a statement to the police categorically denying that he knew about, or at any time gave his approval to, the estate agents who are on his behalf having a personal stake in the results of the estate.

## Council chiefs on conspiracy charge

The leader of Swansea City Council and the city's director of housing are among six people who are to appear before magistrates at Cardiff on May 10 charged with conspiracy. Two companies have also been charged with conspiracy.

## Beirut complex falls

The centre of Beirut was shrouded in smoke from a series of fires caused by the renewal of fierce fighting. It was a day of gains for Muslim gunmen who recaptured a tenaciously held office complex from the Christians.

## Mee leaving Arsenal

Bertie Mee is to resign his 10-year appointment as Arsenal's manager at the end of the current football season.

## Child to return

A child whose parents were acquitted in a "battered baby" trial has been ordered by a High Court judge to be returned to his parents. The child was born in 1964 and his parents were acquitted of charges of neglect and ill-treatment. The child was found in a state of severe malnutrition and was taken into care. The judge ordered the child to be returned to his parents, who are now living in a secure residence.

## Police ask public to uphold law

Leaflets calling on the public "to insist that those who are responsible for ensuring that the law is upheld accordingly" are being issued by the Police Federation, in a campaign for stronger action against crime. Suburban Police authority was said by a federation spokesman: "There seems to be an almost automatic leniency by courts in some areas."

## Features, pages 10 and 16

Roger Bernhood interviews Mr Benn, who attacks the Government's system of laws and society. Michael Church on the World. Margaret Mead (BBC2); Irving Berlin on Sur Le Fil (Greenwood Theatre); Clive Barrow on Vanessa Redgrave's Broadway debut. Diary, page 16. Police authority was said by a federation spokesman: "There seems to be an almost automatic leniency by courts in some areas."

## Business News, pages 19-23

Stock markets: In thin trading equities were sharply ahead and the FT index closed at 288. A gain of 8.8. Financial Editor: BICC prepares for recovery; Weir bonuses back; APCM's home price increases. Business: Guidance for advertisers on sexual communications.

## Wide changes in conspiracy law proposed

The abolition of offences to commit an act that in itself is not criminal and a reduction in the maximum sentences that can be imposed in conspiracy cases are proposed by the Law Commission in a report published yesterday.

Squatters who refused to leave occupied residential premises when asked to do so would face criminal charges. A new offence is suggested to threaten violence against anyone on premises while trying to get in. The report suggests the creation of a new offence to deal with live sex shows. The commission says that the role of the jury in some areas of conspiracy cases was among the unsatisfactory aspects of the law.

## 'Kamikaze' plane crashes on Lockheed man's home

From Peter Harshebury Tokyo, March 23

A film actor, wearing the headband insignia of the wartime Kamikaze suicide pilots, circled over central Tokyo in a light aircraft today and then crashed into the home of Mr Yashio Kodama, the ultra-rightwing politician and former war criminal who is alleged to have distributed Lockheed bribes to Japanese politicians.

The pilot was killed instantly when the single engine Piper Cherokee aircraft disintegrated in a ball of smoke as it smashed into the second floor of the mansion.

Mr Kodama, who was bed-ridden on the second floor, his wife and 10 other persons in the house escaped unharmed. The pilot's charred body was recovered and he was later identified as Minoruichi Maeno, aged 29, an actor who appeared in pornographic films and a right-wing fanatic.

Mr Kodama, aged 65, has received a number of threats from a rival faction of right-wing extremists in recent weeks. Police posted around his residence to ward off demonstrators watched helplessly as the red and white aircraft roared and exploded into a ball of fire.

The dramatic flight began shortly after 8 am when Mr Maeno and three friends arrived at Chofu airfield on the western outskirts of Tokyo dressed in the style of Kamikaze pilots.

Mr Maeno, a qualified pilot, told flying club officials that he wanted to fire two aircraft to

deal with live sex shows. The commission says that the role of the jury in some areas of conspiracy cases was among the unsatisfactory aspects of the law.

Mr Raymond Johnston, director of the Nationwide Festival of Light, said yesterday: "The Law Commission's proposals to abolish all Common Law offences, including indecent public exhibition, would remove the last effective barrier against pornography films."

A joint statement issued by the Greater London Association

of Trades Councils, the Independent Law Centres' Working Group, the Halpin Society, the National Council for Civil Liberties, the National Union of Students, and the Squatters' Action Council said they had opposed the Law Commission's proposals to make trespass in any situation a criminal offence and to change the forcible entry laws, since they were published in June, 1974. "The united opposition of many trades unions, tenants, squatters, students and community groups has helped to make them back down. But their final

report has still proposed a set of repressive changes in the law."

The NCCL said it was disappointed that nothing had been done to restrict conspiracy charges to serious offences or change the rules of evidence in such cases.

The joint statement said that too many of the police were being asked "to make immediate legal decisions in complicated situations, which they are not equipped to do." Future governments could extend that principle. Details of report, page 5. Leading article, page 17.



If you feel you're 300ft. off the ground  
you're either in love.  
Or in the Hilton Roof Restaurant.  
Or both.

Three hundred feet above Park Lane, the air's rarer, the food's nicer, and the music has an unearthly beat (with two bonds fiddling while Romeo burns). All at the Hilton Roof. And, if you should ever tire of the view on the other side of the table, there's 37 miles of flickering London around you to catch your eye.

Whatever your love is—good food or something more eternal—celebrate it at the Hilton Roof. If tonight's the night, ring 01 493 8000 and ask for a table on the roof.

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# Volunteers are needed for three years National Service.



**You may have to face angry  
crowds in Northern Ireland.**

There are still people who regret the end of compulsory National Service.

In their opinion, it was the solution to everything from vandalism to the divorce rate. It taught boys to be men and it gave the Army a cheap work force.

In our opinion, it gave the Army a bad name.

It's true that we got some good men. But we also got a lot of boys who begrudged lifting a finger and lived only for demob.

Who could blame them? They didn't volunteer. They were forced labour.

We were glad to see the end of that kind of National Service, and even more pleased to start building an army of professionals.

Now we have what is considered to be one of the most efficient fighting units in the world.

We don't need conscripts because we have enough people who think the job is worth doing.

Our hope is that the day will come when every young man at the end of his education will at least ask himself whether *he* thinks the job is worth doing.

And whether he's prepared to spend three years as an Army Officer helping to do it.

So it might help if we tell you exactly what the job is.

## Defending a man's right to be a communist.

We may as well start right at the top, however high-falutin it sounds; your job will be to defend democracy.

Because, make no mistake, it is threatened.

There are nations and there are terrorist organisations who have pledged themselves to its destruction.

We can't go into the whys and wherefores of their beliefs now, but already over half the peoples of the world live under one form of dictatorship or another.



**You may have to help keep  
the peace in Cyprus.**

These people do not have the rights you take for granted.

The right to vote, the right to worship as you choose, to speak your mind, to strike if you feel you're being exploited.

In short, the right to live your life as you want subject only to the wishes of the majority and the laws of the land.

This is what you might be asked to fight for; to defend even your neighbour's right to be a pacifist or a communist.

And, don't forget, because we're a member of NATO you could be asked to defend a German's rights or a Belgian's homeland.

So what do you think?

Is the job worth doing?

Next question:

## Can you take boredom?

We hope you'll answer that boredom is something you hate. And we swear that in the Army we'll do everything we can to allay it.

But the fact is that when major powers are balanced, often all that is needed is a quiet presence.

It would be quite wrong of us to pretend that patrolling the East/West German border is a scintillating experience.

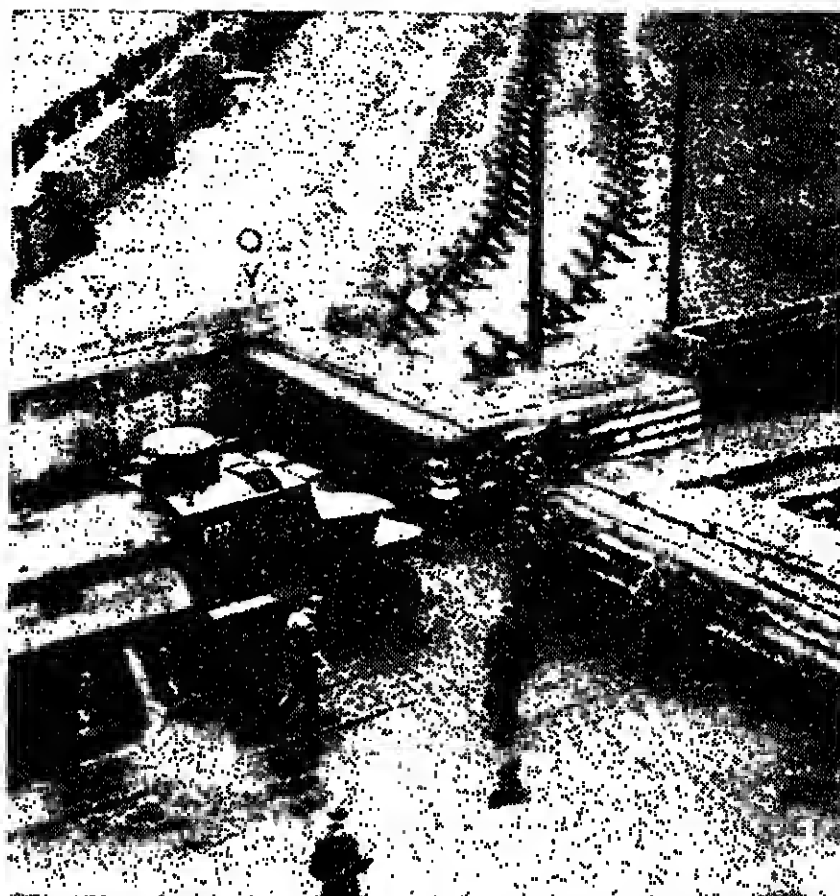
Or that being holed up in a converted school in Ulster is remotely comfortable.

Or that our Army Officers in the UN force who had to take care of thousands of Cypriot refugees recently found their blood tingling with excitement.

Are we putting you off?

If we are laying it on a bit thick it's only because we want you to volunteer out of a mature realisation of what the Army can be like, not out of schoolboy fantasies.

Even so, there is a lot to get out of three years National Service.



**You may have to guard the  
border in Germany.**

Perhaps you saw the statement signed last year by leading industrialists about the short service commission?

It said that for them, three years as an Army Officer can equal three years at university.

In their letters the words 'leadership', 'man-management', 'a sense of discipline' cropped up time and again.

Why? What will happen to you to reveal these sterling qualities?

It really boils down to having the awesome responsibility for the lives of thirty men.

It will be your job to train them, care for them and build a trusting relationship with them. So that in a terrifyingly dangerous situation when you give them orders, they will obey you.

It might give you a few sleepless nights but you'll grow into the responsibility until, gradually, leadership will come naturally.

At the same time you'll be making lifelong friends. You'll probably go on exercises abroad. You'll be fit, alert and active.

In addition, you won't be badly off.

As a Second Lieutenant you'll start at £2,675 rising to £3,325 as a Lieutenant. You'll also get a tax-free bonus of £1,395 when you leave.

The first step is to spend three days at the Army Officer Selection Board where you'll confront tasks and stress-situations designed to let you show your worth.

Major C. N. B. Wellwood, Dept. A 39 Army Officer Entry, Lansdowne House, Berkeley Square, London W1X 6AA, will send you the details, if you send him yours.



## Army Officer







## HOME NEWS

Squatters who refuse to leave occupied residential premises when asked to do so face imprisonment if Law Commission report is adopted  
**Far-reaching reforms proposed in the criminal law of conspiracy**By Marcel Berlins  
Legal Correspondent

Far-reaching reforms in the criminal law of conspiracy are proposed in a Law Commission report published yesterday. They include the abolition of offences of conspiracy to commit a crime, and a reduction in the maximum sentences that can be imposed in conspiracy cases.

Squatters who refused to leave occupied residential premises when asked to do so by the occupier would face criminal charges under the proposals. A new offence is suggested to penalize the use or threat of violence against anyone on premises, by people trying to get in.

Another proposal would make the exhibition of films subject to a new offence to deal with live sex shows. The abolition of the offence of conspiracy to corrupt public morals is recommended.

The commission's proposals are accompanied by a draft Conspiracy and Criminal Reform Bill, that includes a statutory definition of conspiracy. The proposals would apply only to England and Wales.

The central proposal is that the offence of conspiracy should be limited to conspiracy to commit a criminal offence, and most of the other reforms are designed to fill the gaps left by restricting the law in that way.

The Law Commission refers to its own working paper published in 1973 in which it said that the existing law, under which it was possible to bring a charge of conspiracy to commit an "unlawful" but not

criminal, act, was uncertain and unclear.

Often the object of such a conspiracy charge was to obtain a conviction where the prosecution felt that a substantive charge would fail, as it would clearly do if the act was not itself criminal. The jury was no safeguard against oppressive prosecutions.

The working paper had said that even if there were some cases in which justice was apparently served by restricting the law to conspiracies to commit criminal acts, that was the inevitable and acceptable price to pay to avoid the creation of oppressive "catch-all" offences.

After consultation, the Law Commission has reached the same conclusion. An agreement should not be made where that which it was agreed should be done would not amount to a criminal offence committed by one person. That proposal should be implemented as soon as possible.

Following from that, the commission proposes a reduction in the penalties that can be imposed for conspiracy. At present, in most cases, there is no statutory limit and, therefore, in theory, life imprisonment is a possible sentence.

The report points out that that is so whether the object of the conspiracy was a serious crime punishable with a high maximum penalty, or a summary offence punishable with a fine. Moreover, a conspiracy charge, assuming the planned offence was not committed, usually carried a higher penalty than would have been permitted for the completed substantive offence.

The Law Commission proposes that a conspiracy to commit an indictable offence should normally be punishable by the same maximum as is provided for the substantive offence (or one year's imprisonment, if the maximum for the offence is less than that).

Conspiracies to commit summary offences (ie those triable in the lower courts) should carry a maximum penalty of one year's imprisonment. However, the commission proposes that such conspiracy charges should be brought only with the consent of the Director of Public Prosecutions, where there is evidence of deliberate planning of summary offences on a widespread scale.

Only conspiracies to murder or to commit crimes themselves punishable by up to life imprisonment would carry the possible maximum sentence of life imprisonment.

In a separate section the report deals with the Shrewsbury pickets case, where two men convicted of conspiracy to intimidate under the Conspiracy and Protection of Property Act, 1875, were sentenced to three and two years' imprisonment respectively, although the maximum for intimidation under the Act was three months.

The commission says that this is illogical. It proposes that the maximum penalty for conspiracy to commit in furtherance of a trade dispute, certain offences under the 1875 Act, (including intimidation), should be three months' imprisonment. It points out, however, that that proposal does not affect the penalties which could be imposed under charges which

**'Film shows should be subject to obscene publications law and live sex shows become offences'**

did not involve the 1875 Act, such as unlawful assembly. The commission's main recommendation that conspiracies to commit non-criminal acts should be abolished involves the abolition of conspiracy to trespass. The report accordingly discussed at length what criminal offences are required to fill the gap in the area of entering and remaining on property. The difficulty has come into particular prominence recently with the increase in squatting in urban areas.

In addition to conspiracy to trespass, the ancient offence of forcible entry, dating back to 1381, should be abolished, the report says, as should the common law offences of forcible entry and detainer.

The report admits that there were considerable difficulties in relation to squatters that were not adequately covered by the present law. Unlawful occupation could and did on occasion cause considerable hardship to individuals, property-owning bodies and local authorities.

Two main offences are proposed. It would be an offence, without lawful authority to use or threaten violence for the purpose of securing entry to any premises, knowing that there

was someone present on the premises and that entry would be against his will.

A person attempting to regain his own living accommodation, which he was using until being deprived of it, is exempted from liability for the offence. On indictment, the offence would be punishable by up to two years' imprisonment.

The report makes it clear that someone has to be in the premises for the charge to lie. Where there was no one, there was no likely breach of the peace, and existing offences such as criminal damage or unlawful assembly would be sufficient, it says.

The other main offence proposed would make it unlawful for a person who has entered and remained on residential premises as a trespasser to fail to leave the premises when ordered to do so by the displaced occupier, who was using the premises as his living accommodation.

The offence, which would be triable by magistrates' courts, would carry a maximum penalty of six months' imprisonment and a fine of £400. This proposal is a much milder form of the original suggestion made by the Law Commission in its working paper; that would have made criminal

remaining on property after being ordered to leave by a person entitled to occupation. That would have allowed property speculators and local authorities to regain even empty property that they were not intending to use. The new proposal extends only to residential property being lived in. It is designed to cover cases, for instance, where a person goes on holiday and returns to find squatters in his property.

The Law Commission also recommends a special offence punishable with up to one year's imprisonment, to deal with trespassers on the premises of a diplomatic mission or consular post, or other property having diplomatic protection.

Having an offensive weapon on property entered as a trespasser should also be a separate offence, the report says, punishable on indictment with two years' imprisonment or with three months if tried summarily.

The other new proposal on trespassing would make it an offence to obstruct a sheriff, bailiff, or other court official trying to execute an order for possession of the premises under civil law. A maximum penalty of six months' imprisonment is suggested.

The Law Commission calls for the abolition of the offences of conspiracy to corrupt public morals and conspiracy to outrage public decency. It refers to the undesirability of wide, generalized offences of that kind, that effectively gave the courts a residual power to widen the existing law so as to make criminal conduct which was not criminal before.

Moreover, it says, the two kinds of conspiracy charges were brought either as alternatives to substantive charges, or to fill minor and easily identifiable gaps in the law. "These lacunae can easily be filled by legislation that, in the sensitive sphere of obscenity and public morality, can be confined to narrowly circumscribed offences designed to meet the specific situations for which their need has been demonstrated."

To fill the gaps in the law that would be left if its proposals were adopted, the Law Commission proposes the creation of a number of specific statutory offences.

The showing of films should be brought within the scope of the Obscene Publications Act, 1959, it says. It points out that many of the conspiracy charges that it now wished to abolish were brought only because it was impossible to bring obscene films within the Act of 1959.

It proposes that all films, whether on or off licensed premises, should be subject to the Act. A defence of "public good" would be available to exhibitors and distributors of allegedly obscene films. They would have to show that publication of the film was justified as being for the public good on the ground that "it is in the interest of drama, opera, ballet, or any other art, or of literature or learning."

That defence is available under the existing law to live theatre, under the Theatres Act, 1968, and is narrower in scope than the public good defence allowed to publishers of books.

Domestic showings of films would not be subject to prosecution if no charge was made

and there was no one under the age of 16 present. The consent of the DPP would be required for prosecution involving a film shown in licensed premises, or by a non-profit making film society.

Live sex shows would not be covered by the existing law if conspiracy offences in the field of public morals were abolished, the report says, because, as they are not plays, they do not come under the Theatres Act.

The Law Commission recommends the creation of a new offence punishable by a maximum three years' imprisonment, for organizing or participating in, whether for gain or not, any obscene live performance or display. Again, a "public good" defence would be available, and domestic showings excepted.

A new summary offence is proposed, carrying a maximum £100 fine, for anyone who has sexual intercourse or engages in sexual behaviour in public view, that is, in circumstances where he or she knows or ought to know that the act is likely to be seen by other persons and cause them serious offence.

If the commission's proposals in the area of public morality and decency were accepted, there would then be no need for a number of other existing offences. It proposes the abolition of the common law offences of public exhibition of indecent acts and things, indecent exposure, keeping a disorderly house, and obscene libel.

The Law Commission, Report No 76, Conspiracy and Criminal Law Reform. (Stationery Office, £2.45.)

Leading article, page 17

**Labour urged to give Scots real devolution**

Labour's new leader, whoever he may be, was urged yesterday by Mr James Sillars, a rebel Labour MP, to abandon party thinking on devolution and give the Scots a parliament with the power to manage their economy.

Mr Sillars, who founded the new Scottish Labour Party, said: "Although he is not yet in office, time is already running out for the new Prime Minister. Scottish patience is wearing thin."

Speaking at Irvine, Strathclyde, Mr Sillars offered "some fraternal advice" to the new leader. "First, he should reject the two schools of thought among Scottish Labour MPs. Both are unrealistic for different reasons."

Those who urged no action on devolution were flying in the face of reality; but no more acceptable was the timid approach adopted by most Labour MPs in Scottish seats.

An assembly with only one economic appendage, the Scottish Development Agency, will

be grossly under-equipped and unable to tackle the difficulties of the coming decade," he said.

"There is no hope of a Scottish recovery if we are afraid to demand from Westminster the right to economic self-management. And there is certainly no hope if we rely, through a beggling bowl mentality, on the traditional United Kingdom regional policy approach."

"To fulfil our industrial potential we must have a Scottish government. There is no reason why it cannot work within the framework of the United Kingdom. But the new Parliament must have the maximum possible independent judgment and action in matters affecting the Scottish economy."

The Scottish parliament must also have, as an essential part of its powers, a share in oil revenues and a say as of right in all future oil policy agreements between the oil giants and the United Kingdom Government.

**Supplies of beef will be down, economists say**

By Our Agricultural Correspondent

Beef is almost certain to be in relatively short supply, economists at the Meat and Livestock Commission said yesterday. Sir Frederick Kearns, Second Permanent Secretary of the Ministry of Agriculture, Fisheries and Food, said at a meeting of agricultural journalists: "It is likely that 10 per cent less supplies of beef will come on to our market this year."

Attractive support prices in the Irish Republic could lead to a low supply of beef from that country combined with heavy demand for British beef by the original six members of the EEC. Auction prices for the cattle in Britain would undoubtedly go on rising until May, the economists said.

Latest profit figures for meat distributors released yesterday by the Price Commission, showed that profits were steady while prices rose. Last October the average price to growers was almost 31p a pound, to which wholesalers and shopkeepers added a profit of just over 3p. Last month the price to growers exceeded 8p a pound and the profit was 4p.

**Tory deplores education cuts**

Mr Mark Hapgood, chairman of the Federation of Conservative Students, complained at the organization's conference yesterday that the Government had its priorities wrong in chopping more than £600m from the education budget while retaining enormous expenditure on nationalization programmes.

The Government must reduce costly bureaucracy within education, he said. "The size and influence of the Department of Education and Science has reached ludicrous proportions."

**Man leaps from blazing hotel**

A man leapt from the fourth floor of the blazing Turnpike Hotel, Stafford, yesterday, and two other residents were taken to hospital with burns. The fire destroyed the fourth floor.

The man who jumped, Mr Sydney Herbert Brister, aged 56, of Warwick Road, Solihull, was in Stafford General Infirmary last night.

**Country bus fares up**

Fares on London Country buses and Green Line coaches will be increased by between 1p and 5p from April 3, it was announced yesterday.

**Dismay over handling of regional development fund**

By Ronald Kershaw

Urgent discussions with the Government over the administration of the European Regional Development Fund, seeking criteria to be used in selecting schemes for aid, were called for by West Yorkshire County Council yesterday.

A report by the county's economic development programme team to the county policy and resources committee expressed disquiet at the Government's administration of the fund and the low amount of aid granted to Yorkshire and Humberside regions.

The report complains that county council staff spent much time and effort preparing for consideration five projects costing between £300,000 and £500,000, while the county would receive aid of the order of £7,000 each. Lack of guidance on criteria is blamed.

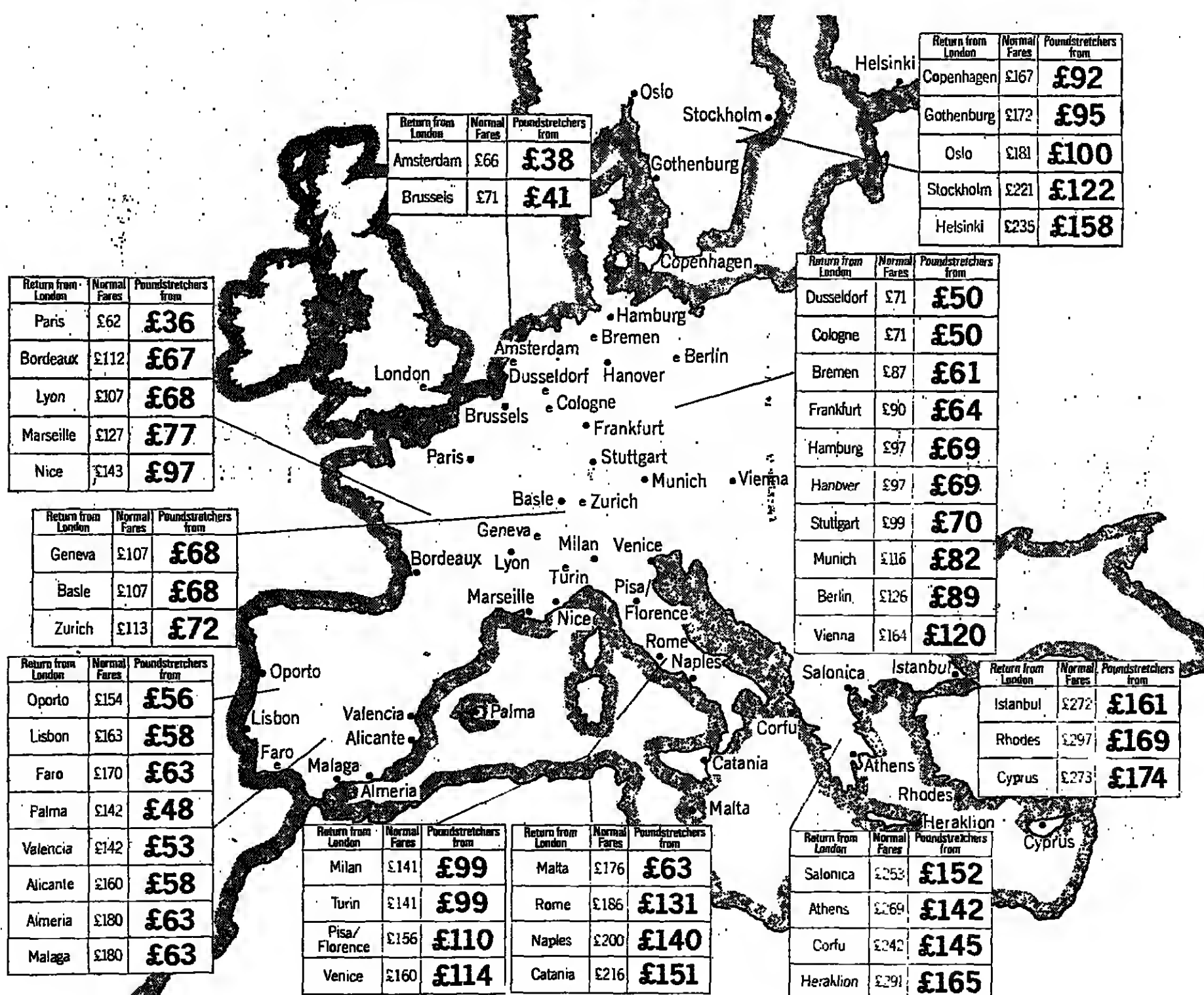
The report makes the point that the United Kingdom receives 28 per cent of the fund, second only to Italy's 40 per cent, but emphasizes that the impact on the assisted areas in the United Kingdom has

been diluted by the Government's clawback of its contribution, and its policy partly to reimburse domestic regional aid.

"In practice," the report says, "the Government has taken back its Budget contribution of £21m from the £35m granted to the United Kingdom in 1975, some of the business has been used to reimburse the domestic regional aid programme and only a tiny proportion has reached the intermediate assisted areas after the priorities of the development and special development areas have been met."

In fact, Yorkshire and Humberside regions received only 0.3 per cent in total aid of the United Kingdom allocation.

A further recommendation was that West Yorkshire County Council, in collaboration with other bodies, should seek a greater share of the fund by every means possible. Schemes for West Yorkshire are to be prepared for submission this year.

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PARLIAMENT, March 23, 1976

## Minority abuse the social security system

House of Commons

Mr Michael Brotherton (Louth, C) asked the Secretary of State for Social Security how many prosecutions were instigated in 1975 against persons for obtaining social security benefits fraudulently.

Mr Brian O'Malley, Minister of State for Health and Social Security (Rotherham, Lab)—On provisional figures, the total number of prosecutions for all types of benefit offences instigated in 1975, including cases dealt with by the police, was 15,350.

Mr Brotherton—In a written answer on March 4, Mr O'Malley said there were 45,000 such cases in 1975. Is not 15,000 a ludicrous number of prosecutions for a crime which is a grave insult to the normal decent taxpayer?

Mr O'Malley—He is not taking into account the type of cases which can arise where small sums are involved and where one is dealing with the state after the death of an individual.

Mr Ivor Clementson (Luton, East, Lab)—How many do not claim benefits to which they are entitled?

Mr O'Malley—It has been estimated that up to half a million pensioners who have an entitlement, even if only a small one, to

supplementary benefit, do not apply for it. This is the principal problem of means testing and that is why this Government's policies are designed to bring to an end the massive dependence on means testing.

Mr Patrick Jenkin, chief Opposition spokesman on social services (Redbridge, Wansled and Woodford, C)—Does Mr O'Malley recognise that it is in the case of fraudsters who commit these offences that the greatest indignation is caused? Mr Lancel Goubin of France lived for three months at Southampton at the expense of the taxpayer. Why was it not discovered sooner that this man was making no serious attempt to look for work?

Mr O'Malley—The entry of nationals from EEC countries looking for work is expressly provided for in the Treaty of Accession. I thought Mr Jenkin took the view that the common law should be applied. I recognise the public indignation when people come into this country and defraud the system. In this case the man did appear in front of a police court in this country.

Mr Bruce George (Walsall, South, Lab)—The vast majority of Laidlaw's are people who are not scrounging off and defrauding the social security system. It is an infinitesimal proportion of the 18 million claimants. Such criticism impugns the honesty of ordinary working people and might deter claims.

How can we in public life, in view of recent incidents, advise normal people on financial or moral reitude?

Mr O'Malley—I agree.

Mr Geoffrey Finsberg (Camden, Hampstead, C) asked how many special investigators were in post in following up social security benefit abuse and how many vacancies for such officers there are.

Mr David Owen, Minister of State for Health (Plymouth, Devonport, Lab)—The number of special investigators in post at March, 1976 was 370 and there were 33 vacancies.

Mr Finsberg—Does not the Minister feel that the special investigators pay for themselves and that the vast majority of claimants of supplementary benefit, who are utterly genuine, should be followed through as hard as possible?

Mr Owen—Efforts are being made to bring the establishment up to strength. They do produce value for money and they perform a valuable function.

Mr George Rodgers (Chorley, Lab)—The small number of prose-

cutious is a tribute to the decency of most people who receive benefits from the service under financial stress. There is greater concern in the country about the wide abuse of income tax and its evasion.

Dr Owen—A measure of even-handedness is necessary. It is not to use concentrating just on abuses of supplementary benefits when there are widespread abuses in other spheres, particularly income tax revenue. The small number of prosecutions does indicate that the vast number of people do not abuse the social security system.

Mr Kenneth Clarke, an Opposition spokesman on social services (Rushcliffe, C)—One reason why there is a small number of prosecutions may be the limited amount of investigation that can be carried out by the small number of special investigators. The Government have been declining to increase the establishment of special investigators. They are not recruiting actively. Is there anything the public can do to help?

Dr Owen—It is a question of balance. I think we ought at least to reach establishment. Conservatism is not a virtue in itself. I am sure that areas of Civil Service recruitment they wish to increase.

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## Housing transfer to end feeling of division in the new towns

Mr John Silkin, Minister for Planning and Local Government

(Lewisham, Deptford, Lab), moving the second reading of the New Towns (Amendment) Bill, said that the transfer of housing to local authorities would concentrate its considerable management and financial expertise on a specialised basis.

His view was that the commission would take over the long-term management of the main industrial and commercial assets as the development corporations would undertake their remaining activities after transfer of housing.

This would not inhibit consideration of arrangements for sharing benefits, nor preclude examination of the transfer of housing to local authorities. It might be worth examining the implications of transferring to them the long-term management of the freehold in the new towns.

Development corporations and local authorities were being brought together in a new way. In this, more members of local authorities had been appointed to corporations.

The procedure to be adopted under the Bill included the making of transfer schemes locally in each new town, the approval of schemes by central government and the implementation of each scheme when it had been approved.

The first possible date for transfer would be April 1977, but progress at its own pace.

The Bill provided that after 15 years of designation either the corporation or the district council might apply to the Secretary of State for a transfer of housing.

The Bill did not completely close the door to a transfer before 15 years had elapsed.

The Government would give further administrative advice to avoid getting bogged down in technicalities. The new transfer scheme, or other industrial site, or any other major development should be regarded as an associated scheme.

Although the Secretary of State retained a discretion under the Bill to modify transfer schemes, the new transfer scheme, or other industrial site, or any other major development should be regarded as an associated scheme.

The Bill provided for a notification procedure to be adopted by the development corporation both at the beginning of the exercise when corporations transfer schemes, and at the end of the exercise when the scheme had been approved.

The Government looked to the development corporation, with the aid of the local authority, to make sure that each family was kept

fully informed at every stage and was not left to speculate about changes which might or might not happen.

Under the New Towns Act 1965 the size of development corporations was limited to a maximum of 12 members, including the chairman and deputy chairman. In a few cases this limitation frustrated the creation of a board with a possible mixture of local involvement and appropriate expertise. The Bill provided that the number of ordinary members of a board might be increased from seven to 11.

One of the most important features of the Bill was financial transfer, which would be based on outstanding loan debt. Transfer of housing assets at this stage was fair to tenants and to local authorities.

It would be a matter for the individual local authorities to decide where there were differences between corporations and local authorities, it would be for the local authorities to decide if they wished to equalise between the two when the corporation housing had been transferred.

In addition to the normal Exchequer housing subsidies local new towns at present received grants under the New Towns Act 1965. It would cease when the houses were transferred, but that should not cause alarm. If after the transfer there remained a large gap between costs and rents plus subsidy which would impose "an undue financial burden" on the council, then there was power for the Secretary of State to pay grants to the council to fully or partly fill it.

Basic provisions were made for the protection of employees and regulations made under the Bill would be with the advice of the New Towns Staff Commission from 1977.

An advisory committee would be set up under the chairmanship of the Secretary of State. It would be made up of representatives of the National Health Service Staff Commission from 1977.

Lady Fisher of Rednal, a former MP and a member of the Warrington Development Corporation, and Mr Philip Viner, a former chief executive of Nottingham City Council, would also be appointed members.

The Bill not only redeemed pledges given in Labour's manifesto, it recognised and fulfilled the basic desire of local authorities to hold their own houses.

New Towns Act 1965. That Act (the said) created the new towns; this Bill starts the process of giving them to the people who live in them.

Mr Michael Morris (Northampton, Lab) said that the Bill would give local authorities a new lease of life. It would be a challenge to local councils to put forward traditional views of the character, and by so doing the next secretary to be elected by the council.

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From Peter Nichols

Rome, March 22

Grey-faced delegates sixth day of the nation grass of Italy's go Christian Democrats tri morning to face the pro concealing the obvious sy has developed among th

But with the congress running a day, huge scheduled, they gave a debate after an hour and to meet again in the ev

Sleepless nights dev coming to the aid of the public respectability ha down the resilience of them. Signor Benigno nini, the incumbent s and, until today, great regard for the great hope for the renewal, was today known that if the rule changed to permit tary's election directly congress (instead of national council chose congress) he would de put forward his own

However, his princi versary, Signor Arnaldo the Minister of Defe night stated that he w regarded as the most which came first as a but appeared to of chance of closing th tonight so long as p difficulties could be g

At the opening of a gress Signor Zaccagnin regarded as the most legible holder of his popular with the rank and appreciated by man associates for his honest had helped to give a impression of a part attack for corruption.



## WEST EUROPE

# Mr Lardinois gives warning that nonetary upheavals could destroy Community farm policy

Hugh Clayton  
Agricultural Correspondent

EC farm policy could be rocked by the failure of attempts to tackle monetary upheavals, Mr Pierre Lardinois, the commissioner for culture, said in London today.

He must force Community into a problem that is the very existence of "Common Market", he told an audience of academics and industry at a conference organized by the European Association for Economic Cooperation.



Mr Lardinois: "The strains are becoming unbearable."

marking that he had felt like a sheriff in the West, Mr Lardinois said: "The strains are becoming unbearable. Not a few speculators nowadays now seem to be the law."

In several years the common agricultural policy has been by itself to ride out dangers of disintegration by the lack of a common economic and monetary policy. But I must, alas, warn you that the strains are becoming unbearable.

erring to the recent float of the French franc, Mr Lardinois said that the "snake" system of exchange rates have been reshaped. It is for important monetary decisions to be made by a group of states at the point where the strains are becoming unbearable.

their goods in the market. Fourth, "farmers can ruin the policy if they refuse to see that structural surpluses are a waste of everybody's money".

Fifth, the Community had not begun to confront the problem of the intracable skim milk throughout the Community was dangerously high.

Mr Lardinois said that EEC farm policy had helped to shield British shoppers from the effects of the falling value of the pound. Payments from Brussels last year were worth £190m, or almost a third of what the British Government spent on its own food subsidies.

"It has not been true, as people in this country often say, that the common agricultural policy takes money from the British taxpayer and gives it to inefficient farmers in other Community countries."

His views about threats to the policy were echoed later by Sir Frederick Keene, Second Permanent Secretary at the Ministry of Agriculture, Fisheries and Food, and chief Civil Service negotiator at the recent farm price review in Brussels.

He said at the annual lunch of the Guild of Agricultural Journalists in London: "I believe there is a general prospect that if we cannot operate our currencies in a way that makes the common agricultural policy possible then it is quite on the cards that the policy will cease."

## Strikes hit train services in France

Paris, March 23.—Train services in the Paris region and northern France were disrupted today by a strike which union leaders want to extend to the rest of France.

The strike began in Paris on Wednesday in support of a pay claim and there have been scattered stoppages since.

Railway workers in Le Havre and in Lens walked off their jobs today in response to a call by the union leaders.

Only a quarter of long-distance trains were running from the St Lazare station in Paris which serves the north-west officials said that other main line trains were running normally.

Shipping services between Corsica and the mainland were canceled today because of a 48-hour strike by crews.

Officials expected to resume the services on Thursday evening.

In Le Havre a group of 145 striking printers left peacefully the laid-up liner France today ending a five-day occupation of the ship in draw attention to their year-old dispute with the management of the Paris newspaper *Le Parisien Libere*.—*Reuters and AP.*

## German F4 fighter crashes into sea

Hanover, March 23.—A West German Air Force Phantom F4 fighter crashed into the North Sea today. The two crewmen ejected by parachute.

## Herr Wolf joins environmentalists in attempt to save pack on run from nature reserve

## Bavarians gripped by wolf scare

From Dan van der Vat

Bonn, March 23

Over 300 armed men were spread around a remote part of Bavaria today with orders to shoot five wolves on the run from a nature reserve.

Taking part are hunters, park wardens, police marksmen, foresters and border guards. There is talk of calling out the local garrison and of a joint operation with neighbouring Czechoslovakia.

Dr Bruno Merk, the Bavarian Minister of the Interior, declared open season on the wolves after one had bitten a boy of four on Sunday.

The saga of the wolfpack of Freyung-Grafenau, a district of Lower Bavaria bordering on Bohemia, began on January 28, when eight wolves escaped from their enclosure by simply walking over a snowdrift which had buried part of the fence.

Orders were immediately issued for them to be shot on sight. Naturalists, including Dr Konrad Lorenz, zoologists and even local politicians joined with environmentalists to protest against the order. The experts argued that a wolf was

less dangerous than an albatross, too shy to endanger people and thus no cause for alarm.

After two of the eight had been killed, the authorities gave up and the order was rescinded. On Sunday, two wolves approached a group of four small boys playing on the edge of a forest.

They began by gently sniffing around like dogs, but when the four-year-old child began to cry, he was bitten on thighs and buttocks. Sensational early reports said he had been "chewed in pieces".

In fact, the two nips he received did not break the skin. The boy is in hospital for precautionary treatment against rabies and tetanus but is otherwise fit. An older boy drove off the wolves with a stick.

Dr Merk immediately reimposed the order to kill. The allegedly uncharacteristic behaviour of the wolf which bit the boy is put down to the previous confinement of the pack, which makes them less "trustworthy" than when in their natural state.

Meanwhile, wolf-obsession reminiscent of the Middle Ages has broken out in the district. Children are being kept away from school and old people are refusing to go out at night. Howling is heard and fleeing glimpses are caught of wolves foraging in rubbish tips.

But many local cars carry bumper stickers saying "Let the wolf go free." Local political figures, including one Herr Xaver Wolf, the East Bavarian chairman of the Social Democratic Party, have declared themselves "patrons" of the wolves in an effort to save their lives.

The West German Federation for Nature Preservation, which took over responsibility for the wolves from the nature reserve after their escape, now faces legal action for any damage they may cause, and has reluctantly accepted the decision to kill them.

Their natural cunning has enabled the wolves to take meat from traps set for them without being caught. The haul of the trappers so far includes five dogs and seven cats. Even a sheep tied up as a bait failed to draw them. But on Sunday night, nature reserve wardens shot dead a third wolf, leaving five still at large.

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## Lisbon move to delay elections is reported

Lisbon, March 23.—The ruling Revolutionary Council was considering a proposal to delay the legislative elections scheduled for April 25, according to Lisbon reports.

A motion that would put back the date of the election for at least a month was to be presented by President Costa Gomes at a council meeting today, the newspaper *Jornal Novo* reported today.

Usually reliable political sources confirmed the report and suggested that the move might have been inspired by Major Ernesto Melo Antunes, the Foreign Minister.

Major Melo Antunes, who has been mentioned in connexion with alleged divisions within the ranks of the military, was scheduled to leave for Sweden at the beginning of the week, but cancelled the visit for unforeseeable reasons that made it "inadvisable" for him to leave the country.

He has opposed the withdrawal of the Army from politics.

According to the newspaper report, the President in his proposal put forward the view that seats in completing Portugal's new constitution called for an extension of the Constituent Assembly's mandate.

Members of the Constituent Assembly have declared recently that they could complete the constitution in time for the April elections.—*AP.*

## Giscard urged to top reforms talk

Richard Wigg

March 23

Ident Giscard d'Estaing, to speak to the French on television tomorrow will be watched for of how he intends to counter-attack against mounting challenge of the

address, one of the most of his career, virgins the second, more phase of his presidency.

government parties, the UDR, the Independent Republicans and the Gaullists, whose rivalries have led under the double at the national election, the floating of the want to know his for the political battle is likely to continue up to the 1978 general in.

In the past 48 hours the President has received advice from prominent figures, employers, the press.

common theme of the is that M Giscard should now give leadership against a difficult economic and social round. He should moderate enthusiasm for talking reforming France and is it into "an advanced society". The term now many of his supporters.

th typical self-confidence President chose to speak for night on the economic 1976 and the significance of reform policies.

ne Gaullists, through M de Labbe, their parliament.

try leader, have publicly advised him to limit himself to practical problems, such as creating jobs and reducing inflation, which ordinary people grasp. They want him to drop quickly taxation and company reforms which only antagonize the Government's supporters without bringing over any voters from the Socialists and Communists. What M Labbe has openly declared, M Chirac, the Prime Minister, has doubtless approved.

But the problem for M Giscard d'Estaing is that he personally objects to such politics of confrontation and until now wished the significance of his presidency to lie in the reconciliation of a France "exactly divided in two".

M Edgar Faure, the president of the National Assembly, yesterday warned the Government against playing into the Opposition's hand with too simplistic an approach. He and other shrewd observers have already prophesied that the 1978 election result will give only the smallest, and therefore the most awkward, of margins either to the Government or to the left.

The President also needs to assert his views, having stayed virtually silent since the double setback 10 days ago. Both his Independent Republicans and the Gaullists are holding national rallies later this week.

Yesterday he proposed that the EEC "summit" in Luxembourg on Thursday week should be devoted primarily to European economic and monetary problems. This will please the Gaullists, who last week sharply reminded the President of their disavowal for a prompt decision on direct elections to the European Parliament.

For example, the protection of the Acropolis in Athens required among other things, a considerable reduction of sulphur dioxide in the air. This could be achieved only if houses were heated differently—a change which required enormous capital investment.

Similarly to preserve the landscape around Delphi, bauxite exploitation from Mount Parnassus was being carried out in such a way that the site could be returned to its original state. This operation, too, involved "excessive costs".

Siedman, a Government spokesman on the environment in the House of Lords, said a significant development in Britain had been the passing of an Act giving special protection to 27 indigenous wild plants and animals.

In this context, the Swiss called for a European convention on the conservation of fauna and flora and their habitats. This should ban the hunting, capture, and plucking of rare or threatened species, a report tabled by the Swiss Government for the conference suggested.

## Vays sought to reconcile progress with nature

From David Cross

Brussels, March 23

A conference opened in Brussels today to consider ways of protecting wildlife and reconciling economic development with the conservation of the natural environment. Representatives of the 18 member states of the Council of Europe are attending.

M. André Enxet, French Minister for the Quality of Life, and mankind was racing a full-scale revolution in its way of life. Some 80 per cent of the population would be living in towns by the end of the century and it was forecast that half the cities and products that will be in use in 1990 had not yet been invented.

"There can surely be no need to emphasize the seriousness of the pollution and environmental hazards that will result from such developments," he told his colleagues.

Professor Constantine Konoge, the Greek Minister of Industry, spoke of the huge costs of safeguarding the environment at a time of intensive industrial and technological development.

## Unions urge Italian site for EEC fusion project

From Our Own Correspondent

Brussels, March 23

Trade union representatives today added their voice to the controversy over the siting of the Joint European Torus (JET), the EEC's ambitious experimental thermonuclear fusion project, by appealing for support for the European Commission's choice of Ispra, in Northern Italy.

At their council at the end of February, EEC research ministers failed to agree on a site for the JET and are not due to meet again until June 18.

Aside from questions of political prestige, the dispute turns essentially on the technical competence of the main claimants—Ispra, Culham (near Oxford) and Garching (near Munich).

Union representatives of Ispra's staff said here at a press conference that the Italian site was the most suitable because it was a joint research centre. It would thus prevent weaker members (of the EEC) from being pushed to the fringe and ensure that the project enjoyed greater freedom from national influence.

Private medicine is part of the national health. A vital part.

It contributes a good deal to the National Health Service. For example, pay beds in NHS hospitals will give £40 million annually to the financially-stretched National Health Service.

## But it's not just a matter of money

Private medicine preserves everyone's right to freedom of choice. Some 4 million people choose to go privately when they need treatment. The vast majority are ordinary men and women and their families. They budget for health protection from their earnings through organisations such as BUPA.

What's more, over 8 people out of

every 10 (82%) believe in the right to pay for private medicine.

## What's the Government up to?

If it doesn't make financial sense and the vast majority don't want it, why are the Government proposing legislation to phase out pay beds and control private medicine? And why do they want to introduce it in advance of the findings of the Royal Commission on Health?

## Patients before Politics

A doctor's loyalty is to his patients. That's why the Medical Profession has always shown itself to be completely opposed to any political suggestion that the patient's freedom of choice should be

tampered with. Such suggestions are rare today. The issue at stake is not just one of professional freedom but also of patient freedom.

This statement has been issued by BUPA in support of the Campaign for Independence in

**A GOOD JOB YOU'VE GOT BUPA**

Medicine; in the interests of BUPA subscribers and the interests of the public at large.

The British United Provident Association Limited, Provident House, Essex Street, London WC2R 3AX.



Appointments Vacant also on page 15

GENERAL VACANCIES

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Applications are invited for the following posts in the Council's Finance Department:

1. **SUBSIDY OFFICER**—to work in a senior capacity on the administration of subsidies for Music (including Opera and Ballet) and for the Visual Arts. Essential requirements are professional accountancy training followed by practical experience in the financial administration and budgetary procedures of arts organizations. Salary on a scale £1,365-25,165 p.a.

2. **ASSISTANT SUBSIDY OFFICER**—This is a re-advertisement and previous applicants need not re-apply. The successful candidate will be responsible for the financial administration of subsidies for Drama and Literature. Knowledge of finance, budgetary procedures and the interpretation of accounts is required. Post would suit a young person wishing to pursue a career in the administration of the arts. Salary on a scale £2,350-25,320 p.a.

Write with full details and current telephone number in THE ARTS COUNCIL OF GREAT BRITAIN, 105 OLD BOND STREET, LONDON W1P 0AU TO ARRIVE BY WEDNESDAY 7th APRIL 1976.

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**ALGERIA:** Experienced translator/interpreter, able to work in English and French. Excellent salary and allowances plus overseas leave. Single status only.

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**HARDY FINE ART** requires a Sales Assistant. Please telephone 01-750 1234 ext. 3050.

**PART-TIME General Secretary**—P.M.S. required for sports organization in London. Salary £1,200 p.a. The successful candidate will be responsible for the day-to-day running of the organization. Applications should be sent to the Secretary, P.M.S., 100, Strand, London W.C.2.

**SHORT-TERM CLERICAL WORK**—Coding and editing material for a research project. Suitable for a person with a degree in a relevant subject. Salary £1,200 p.a. Applications should be sent to the Secretary, P.M.S., 100, Strand, London W.C.2.

**CARE DRIVERS**—Required for a care home in London. Salary £1,200 p.a. Applications should be sent to the Secretary, P.M.S., 100, Strand, London W.C.2.

**RESEARCH AWARD**—Applications are invited for a research award in the field of the history of the book. The award is for a project of up to £1,000. Applications should be sent to the Secretary, P.M.S., 100, Strand, London W.C.2.

**EXPERIENCED ARCHIVIST**—Required for a care home in London. Salary £1,200 p.a. Applications should be sent to the Secretary, P.M.S., 100, Strand, London W.C.2.

CORDON BLEU TYPE

Young person required to cook at small country hotel. Responsible position with excellent accommodation and pay. 5 day week.

Apply: Bell Hotel, Cheltenham, Oxford. Telephone 278.

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**University of Durham**—Required for a care home in London. Salary £1,200 p.a. Applications should be sent to the Secretary, P.M.S., 100, Strand, London W.C.2.

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**University of Western Australia**—Required for a care home in London. Salary £1,200 p.a. Applications should be sent to the Secretary, P.M.S., 100, Strand, London W.C.2.

**TEMPORARY or VISITING LECTURER**—Required for a care home in London. Salary £1,200 p.a. Applications should be sent to the Secretary, P.M.S., 100, Strand, London W.C.2.

**University of the West Indies**—Required for a care home in London. Salary £1,200 p.a. Applications should be sent to the Secretary, P.M.S., 100, Strand, London W.C.2.

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**University of Strathclyde**—Required for a care home in London. Salary £1,200 p.a. Applications should be sent to the Secretary, P.M.S., 100, Strand, London W.C.2.

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OVERSEAS

Do-or-die for the two main challengers in fickle North Carolina

From Fred Emery  
Washington, March 23

President Ford and Mr Jimmy Carter were again the favourites as polling began today in North Carolina for the season's sixth presidential primary elections.

If they both win this first genuine southern finish-off, it should effectively finish off the candidacies of Mr Ronald Reagan, the Republican challenger, and Governor George Wallace, who is the only other Democrat seriously contesting North Carolina.

Both men would doubtless soldier on, but their efforts would carry little conviction. Were either to win, the effects would be significant for Mr Reagan, the Republican challenger, and if Mr Wallace won the Democratic contest the damage to Mr Carter, the present front-runner, would probably be greater than any advantage for the Governor of Alabama.

North Carolina, a prosperous and beautiful state, has swung sharply in its political moods over the past eight years. Traditionally Democrat, in 1968 nearly half a million people voted for Mr Wallace in the presidential election, putting him in second place after Mr Richard Nixon, who got by with only 40 per cent in a three-man race that put Mr Hubert Humphrey last.

In the 1972 Democratic primary Mr Wallace won with 40 per cent of the vote, heavily defeating the liberal university president and former governor, Mr Terry Sanford. The same year the state went overwhelmingly for Mr Wallace in the election of a Disincorporated Republican senator, Mr Jesse Helms, who is arguably the most conservative right-winger in Congress, and—most surprisingly—a Republican governor, Mr James Holshouser.

Then in 1974, just as suddenly as the tide rose, it fell as a result of Watergate and of a notable native son—Senator Sam Ervin, chairman of the Senate committee investigating the scandal.



Firemen and police at Mr Kodama's home after the "kamikaze" attack.

'Kamikaze' pilot's death dive

Continued from page 1

He is alleged to have passed on \$7m (£3.6m) in bribes to politicians and officials while acting as Lockheed's secret agent. He was recently indicted on charges of evading \$3m in taxes.

With tempers running high, among both left-wing and right-wing groups, police reinforcements were called out this month to protect the Kodama home. Left-wing radicals tried to storm the mansion last week-end.

After he was named as Lockheed's secret agent during

Senate inquiries in Washington last month, the bedridden politician received notes from rightist groups requesting him to commit *harakiri* because he had stained Japan's honour.

It is not known whether the dead pilot was acting on his own initiative or whether the suicide flight was planned by a group of fanatical rightists.

According to the latest reports, Mr Maeno had been mentally disturbed recently and had been contemplating suicide. He studied in the United States and recently divorced his American wife.

The police say he had made three previous flights over the area last week. Mr Maeno's colleagues said he lived in a dream world and probably made the suicide flight to focus public attention on himself.

According to his family, Mr Maeno did not belong to any political faction. However, he was an avid admirer of Yukio

Mishima, the novelist and nationalist, who bowled himself with a sword as a protest against his country's defeat in the Second World War.

Mr Maeno was a popular figure among his friends, who said tonight he had been photographed in old Navy uniform 70 years ago. He told friends that he might die.

The actor appears popular among the Japanese. His film, *Yuki*, which is now showing in Japan, has received a licence in February 1 and worked as a character actor.

The Nikatsu film of Tokyo denied Mr Maeno's claims that he was making a film on the attack on Mr K residence.

Presidents to confer on Rhodesia

From Our Correspondent  
Lusaka, March 23

President Kuanda of Zambia will be host tomorrow to President Nyerere of Tanzania, President Machel of Mozambique, and Sir Seretse Khama, the Botswana President, to work out a new strategy over Rhodesia.

Black nationalist sources also said that leaders of both the Nkomo and Muzorewa factions of the African National Council had been invited to the Lusaka meeting. But it was not known today whether the war-torn meeting had accepted the invitation.

The four heads of state are to consider the latest British initiative to end Rhodesia's constitutional crisis and discuss the implications of the four-point plan of Mr Callaghan, the British Foreign Secretary.

They are also to try to unite the two ANC factions so that they could unleash intensified guerrilla action against the Smith regime.

Mr Salisbury Correspondent writes: A Rhodesian security force communiqué announced tonight that an African farmer had been murdered by terrorists by having a stick grenade thrown at his head and then detonated. He is one of four Africans said to have been murdered during the past few days.

The communiqué also said that two more nationalist guerrillas had been killed in the border operational area.

Mr Arthur Chidziva, a prominent member of the Nkomo wing of the ANC, has been arrested under the Law and Order Maintenance Act. According to police sources, he was arrested in Rusape, eastern Rhodesia, yesterday. The ANC is making inquiries about his arrest.

Mr Chidziva, who was organized secretary of the ANC at the time of the peace commission, was released from detention last January to take part in the talks between Mr Smith and Mr Nkomo.

Anger at \$10,000 reseat into wild turkeys' habit

From Frank Vogl  
Washington, March 23

Mr William Proxmire, the Democratic Senator from Wisconsin, is at it again discovering waste by the Federal Government and causing a good deal of annoyance as a result.

He spends most of his time on weighty matters as chairman of the Senate banking committee, but somehow he still finds time to discover such things as government funding of research into measurements of airline stewardesses or the use of private aircraft at government expense by Mr Frank Zarb, the head of the Federal Energy Administration.

Senator Proxmire's latest revelation concerns wild turkeys. According to him the Federal Aviation Administration is "squandering Federal funds through its expenditure

of at least \$20,000 (£5,000) of taxpayers' money on the seating of a rearing behaviour of eastern wild turkey."

What most annoys Mr Proxmire is that 75 per cent of the study was conducted by the Federal Aviation Administration but that it had been given to the Treasury.

Senator Proxmire is a high time for them to study the effects of the study on the birds.

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When you are getting on in years and find you can no longer cope, it is good to know that Distressed Gentlefolk's Aid Association runs special Residential and Nursing Homes people like you.

They are special because the DGAA understands the problems of the elderly—and, in particular, the elderly who have known "better days". It is always given a place in a Home where will "fit in", where the others are the same of person with much the same sort of problems.

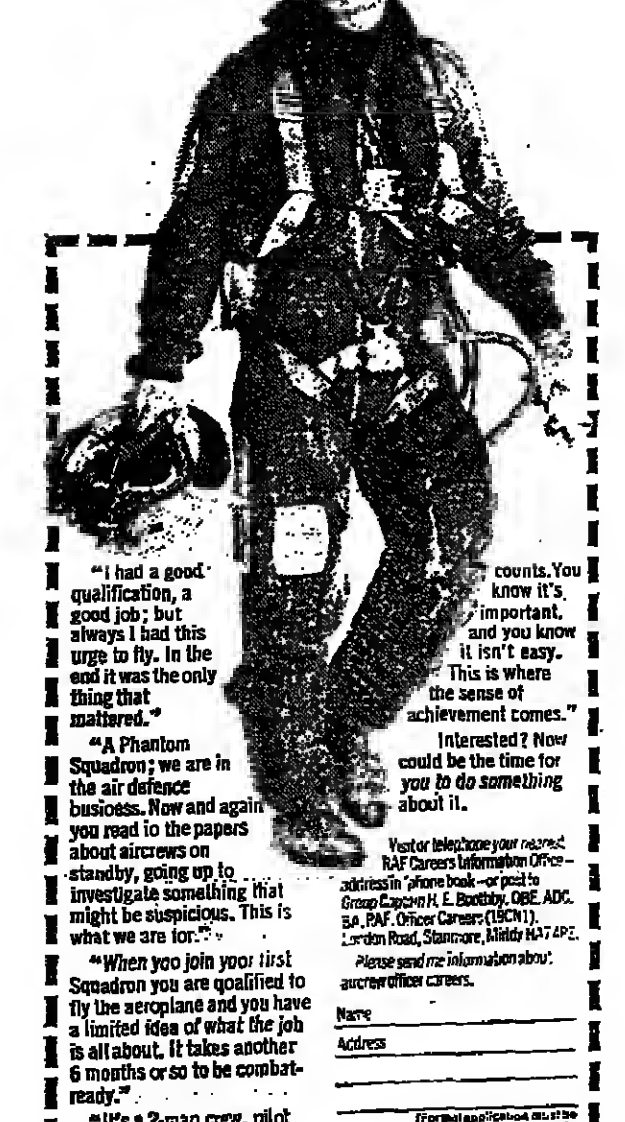
This is vital work. It is work that is not and not be undertaken by the Welfare State. It is that must be done with sympathy and understanding.

The DGAA needs your donation urgently. Please, do remember the DGAA when making your Will.

**DISTRESSED GENTLEFOLK'S AID ASSOCIATION**  
Vicars Gate House, Vicars Gate, Kensington, London W8  
"Help them grow old with dignity"

66 I always wanted to fly. One day I thought to myself—why not? 99

Fighter pilot, 29, Flight Lieutenant.



"I had a good qualification, a good job; but always I had this urge to fly. In the end it was the only thing that mattered."

"A Phantom Squadron; we are in the air defence business. Now and again you read in the papers about aircrews on standby, going up to investigate something. That might be suspicious. This is what we are for."

"When you join your first Squadron you are qualified to fly the aeroplane and you have a limited idea of what the job is all about. It takes another 6 months or so to be combat-ready."

"It's a 2-man crew, pilot and navigator; 9 times out of 10, the same 2 people. The principle is, the pilot presses the button, the navigator puts him in the right place to do it. Of course you build up an rapport between you—this is part of your ability to do the job."

"Job-satisfaction I rate very high. Every day, there is the element of competition, in the training surges; you do well against something—but it's the job itself that really counts. You know it's important, and you know it isn't easy. This is where the sense of achievement comes."

Interested? Now could be the time for you to do something about it.

For further information, please write to: RAF Careers Information Office, 100, Strand, London W.C.2. Tel: 01-836 3794/5.

Name \_\_\_\_\_  
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Date of birth \_\_\_\_\_

With this coupon please send a separate self-addressed envelope to the RAF Careers Information Office, 100, Strand, London W.C.2. Tel: 01-836 3794/5. You should have 5 or more acceptable GCSE O-levels at grade C or above, and subject must include English Language and Mathematics. If you are a former RAF member, please attach a copy of your discharge certificate.

**RAF officer**  
AIRCREW

Mr Gromyko given détente message for Moscow

By David Spanier  
Diplomatic Correspondent

Détente, like peace, was indivisible, Mr Callaghan, the Foreign Secretary, told Mr Gromyko, the Soviet Foreign Minister, in London yesterday.

He said he would like Mr Gromyko to take back to Moscow the message that the British Government stood for peace and that it was committed to work for the relaxation of world tensions. Anglo-Soviet relations, he suggested, had now progressed from a "new phase" to "normality".

But Mr Callaghan, speaking as a private citizen, said that his official visit, also said that normal and friendly relations, such as Britain and the Soviet Union now enjoyed, should teach countries to disagree without losing mutual respect and confidence.

"Your Government and mine are bound to have our disagreements," he said. "But the important thing about normal relations is that they should permit us to disagree, to engage in the heat and thrust of debate and still remain on friendly terms."

Mr Gromyko had to face angry demonstrators outside the Tate Gallery when he went to see the Coombes exhibition yesterday morning. A small group from the Women's Campaign for Soviet Jewry were kept back by police.

As he left the gallery, Mr Gromyko paused and assured the demonstrators that he was dressed in imitation prison uniforms. They carried banners calling for the release of Jewish prisoners of conscience in the Soviet Union.

African workers hurt in landmine blast

From Richard Cecil  
Mount Darwin, March 23

Ten African road workers were seriously injured by a landmine in this area of north-east Rhodesia on Saturday in one of the most serious incidents since the present operations against terrorist incursions began in December 1972.

They were travelling to work in the four-ton lorry on a dirt road near Mount Darwin when the mine exploded, demolishing the cab. The four Africans sitting inside suffered severe multiple wounds, but the other six, sitting in the back, were less seriously hurt.

Dr Mike Ruberts, medical officer of the Rhodesian Light Infantry, said that if they had observed the normal anti-mine precautions, their injuries would not have been so severe. The rules lay down that only the driver should sit in the cab. In this case, the other three Africans were sheltering from rain) and that if the vehicle

has anti-roll bars everyone should be strapped in.



صبرنا من الامل



Law Report March 23 1976

# Child in 'battered baby' case has brittle bones

In re Callimore (a minor).  
Before Sir George Baker, President of the Family Division, on March 23 1976, following a hearing on the application for a writ of habeas corpus, the child was found to be a battered baby.

The child, Sarah, was found to be a battered baby. The child was found to be a battered baby. The child was found to be a battered baby.

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Family Division

that the fracture had been a clear break; that it was more likely to be an accidental injury; and that the child showed signs of osteogenesis imperfecta. At that time the doctor had pointed out to the mother the blueness of the whites of the child's eyes—one of the recognized symptoms of brittle bones. The child went home to the parents. In February 1975, the parents noticed a bruise at the site of the fracture and took the child back to the hospital, where it was found that the child had a fractured left wrist. The orthopaedic surgeon told the parents that the child suffered from brittle bones and there was no cure; they had to treat Sarah as if she was wrapped in cotton wool. On his report the surgeon wrote: "I am sure... osteogenesis imperfecta."

In March, 1975, the parents moved to East Ham and registered with a general practitioner, who arranged for Sarah to be examined at the Queen Elizabeth Hospital. The child was found to have blood tests and X-rays, the hospital doctor was not happy with the diagnosis of osteogenesis imperfecta, was suspicious of a battered baby syndrome, but because the hospital had cases of chicken pox they were told to take her to the Queen Elizabeth Hospital.

On May 8 the parents thought that there was something wrong with the child's leg. The health visitor examined the child thoroughly but found nothing wrong. On May 15 the father saw the child in the hospital and holding her head. They took the child immediately to East Ham Memorial Hospital as that was the nearest, but because the hospital had cases of chicken pox they were told to take her to the Queen Elizabeth Hospital.

There they were told for the first time that the child had a fractured skull. The doctor had said that the fractured skull was a sign of a battered baby, but the parents were told to take her to the Queen Elizabeth Hospital.

The parents were treated with surprise. They were not polite and said what they thought. Their verbal aggression did not endear them to the social workers and doctors. But who would blame them?

The following day there was a case conference, attended by three doctors and seven social workers. It resulted in a recommendation for a care order for the child and a psychiatric examination for the parents. One of those present at the conference regretted that the parents had been told of the brittle bones diagnosis, saying "it is not a battered baby, it is a child with brittle bones."

On May 30 a place of a safety order was made.

The parents found out about the Brittle Bone Society and in June the father took some of the society's literature about excessive sweating to the hospital. In June the father's care order was made with consent and the child was discharged from hospital to foster parents. The parents visited Sarah regularly but because of the conditions of the foster home, and the child was transferred to the local authority's nursery. The parents visited Sarah regularly but because of the conditions of the foster home, and the child was transferred to the local authority's nursery.

The parents were interviewed for hours by a police officer, and in October both were charged at the Central Criminal Court, the mother with cruelty and father with inflicting grievous bodily harm on the child.

The doctors at Queen Elizabeth Hospital were very worried about Sarah and felt it their duty to take action. They considered that the arguments for osteogenesis imperfecta were specious; but they accepted that many of the injuries associated with non-accidental injuries were not present in Sarah.

Dr C. R. Patterson, of the department of biochemical medicine, Dundee University, who knew more about the disease than any one else, had given evidence. He had said that it was very difficult to diagnose osteogenesis imperfecta in a very young child and that it was rare to find all the symptoms in one patient. The principal clinical features were the bluish colour of the whites of the eyes, increased tendency to bruising, premature deafness, abnormal shape of the skull, and a tendency to excessive sweating.

There was also a family history of some of those abnormalities. The identification of features of osteogenesis imperfecta in a family history played a valuable part in the diagnosis of a patient with unexplained fractures. The child's father had the typical "inverted triangle" appearance. His Lordship had the evidence of his own eyes and could himself see the father's "inverted triangle" face. There was a family history of brittle bones. The father himself had had three fractures. Dr Patterson said that Sarah's case history was exactly what might have been expected.

It was not good for a child to be brought up in an institution. The child was found to be a battered baby. The child was found to be a battered baby. The child was found to be a battered baby.

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When the parents were on trial they visited the child as often as they could. The child came home to the parents in November 1975. At the request of the parents, a supervision order was made. Sarah was vaccinated on December 18. On January 7 there were many and bruises over the site of the vaccination; they took the child to the clinic but the health visitor said that everything was normal. Sarah had always been a happy, lively, well-adjusted child.

On January 13 the parents noticed that the child was not using her left arm and took her to the East Ham hospital. A X-ray showed that she had three recent fractures of the left forearm. They were treated as criminal injuries. The parents had joined the Brittle Bone Society, and the mother had shown them the head visitor how to handle a child with brittle bones. While the child was in the nursery, they visited daily, the mother from 10 am to 1 pm and from 2-3 pm to 5 pm. The husband spent every afternoon after work there. The nursery stated that the parents visited more than was usual.

The parents, who had always been cooperative in spite of their unpleasant experience, had asked for a supervision order.

Sarah was not afraid of either parent. There had never been a psychiatric examination of either, as suggested by one doctor. No body suggested that the mother was not a loving, caring mother, and she did not believe that the father would injure the child.

His Lordship asked whether the husband was some kind of mooner, a Jekyll and Hyde. Having seen him give evidence and with his wife in court for five days—and he had watched them both carefully—the judge could not bring himself to believe that the man, but tempered as he might have been, was the sort who could possibly have injured or harmed a child. His wife did not think so. She was absolutely with him. She was a loving, caring mother who would indicate her suspicion of her husband if she had any. The truth was that Mr Callimore was very gentle with his daughter. The doctors at Queen Elizabeth

Hospital were very worried about Sarah and felt it their duty to take action. They considered that the arguments for osteogenesis imperfecta were specious; but they accepted that many of the injuries associated with non-accidental injuries were not present in Sarah.

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Dr C. R. Patterson, of the department of biochemical medicine, Dundee University, who knew more about the disease than any one else, had given evidence. He had said that it was very difficult to diagnose osteogenesis imperfecta in a very young child and that it was rare to find all the symptoms in one patient. The principal clinical features were the bluish colour of the whites of the eyes, increased tendency to bruising, premature deafness, abnormal shape of the skull, and a tendency to excessive sweating.

There was also a family history of some of those abnormalities. The identification of features of osteogenesis imperfecta in a family history played a valuable part in the diagnosis of a patient with unexplained fractures. The child's father had the typical "inverted triangle" appearance. His Lordship had the evidence of his own eyes and could himself see the father's "inverted triangle" face. There was a family history of brittle bones. The father himself had had three fractures. Dr Patterson said that Sarah's case history was exactly what might have been expected.

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## Seeking a greater role for the unions

Mrs Thatcher's recent "olive branch" to the trade unions formally ended, at least for the time being, attempts by governments to control irresponsible trade union power by legislation. But like a cuckoo in our democratic nest, the power expands. Closed shops increase in numbers and Mr Jack Jones reminds the Government of its promise to give trade unions a share in the control of industry.

Ultimately union power arises from its ability to sustain essential services in industries when in conflict with governments trying to walk a tight-rope above the pit of economic disaster, and from the dominating position in which years of high employment and weak management have left factory workers in some industries.

The influence of the unions does not depend only on their battle strength. They are accepted and consulted everywhere and their views taken into account in a hundred different areas of the nation's life. Without them the labour situation in industry would be chaotic.

If we look at their vicarious over government in the last decade, we find that Mr Wilson and Mrs Castle had to surrender their legislative plans to a large extent because of the TUC fifth column in the Labour Party. The Government's incomes and prices policy was brought to the point of collapse by scattered resistance over much of industry.

The Conservative Industrial Relations Act was made ineffective because employers were unwilling to face the deterioration in their labour relations which would result from making use of it, while strike action was always in readiness if heavy penalties were imposed on offenders. Their two incomes policies were killed by major strikes by the miners in 1972 and 1974.

Having failed to control either irresponsible trade union power or inflationary wage demands by legislation, both political parties tried instead to make bargains on prices and incomes with the TUC, even though the TUC insisted that such a bargain must cover the whole field of economic and industrial relations policy.

Mr Heath eventually decided that their demands were excessive, but the Conservatives are now to try again. Mr Wilson got a contract, largely on trade union terms, only to find that in the following year the unions failed to honour their side of it. The result was unparalleled inflation and soaring unemployment.

I suggest in my book\* that it is not possible to give the trade union movement the place in the structure of our society which its strength would justify so long as it falls to carry out agreements made in its behalf by its leaders. Since I wrote, the unions have religiously observed the 56 a week pay limit agreed as part of the revised social contract, but it is too early to call this as the beginning of a new era.

A maximum increase which allows no exceptions is, like a wage freeze, comparatively easy for the unions to implement, but its rigidity produces unfairness and anomalies which will not for long be tolerated. It is necessary to move to a more flexible policy, and experience has shown that flexibility creates loopholes through which unions will force their way, in the interests of their own members, until the policy breaks down. We must wait to see what happens in the next year or two.

But in any case such bargains with one section of the community which cover every aspect of the nation's economic life are open to criticism on the grounds that they usurp the authority of Parliament. Perhaps the time has come to consider again the possibility of some more democratic machinery for training economic policy. It was much talked about and even tried in previous periods when trade union power was most threatening. There was the Industrial

Perhaps what is wanted is an economic and industrial body which is part of the Government, taking the place of the House of Lords as a second chamber

Council of 1911, consisting of 13 leaders from each side of industry under a government chairman, which was intended not only to inquire into disputes when asked but also to advise governments on any matters referred to it. There was the National Industrial Conference of 1919 which recommended the establishment of a permanent national industrial council of 400 members, meeting twice a year and with a small standing joint committee. It was to coordinate industrial relations policy and advise the Government on measures to preserve industrial peace, but it was never set up.

There were meetings in 1923 between TUC leaders and prominent industrialists, led by Sir Alfred Mond, which again recommended a permanent national council, this time representing the TUC and the central employers' organizations, which would meet quarterly and if requested help with threatened disputes through a standing committee, but would also discuss general economic and industrial policy. But the employers' organizations turned it down.

We have had since 1961 the National Economic Development Council, within which a small group of union leaders, employers, independent and ministers discuss economic policy and, since 1974, the Advisory Conciliation and Arbitration Service, on the council of which both the TUC and the CBI are represented, but no larger body which can act as a sounder basis for industry as a whole. It may be that earlier schemes failed because they did not go far enough.

Perhaps what is wanted is an economic and industrial body which is part of the Government, taking the place of the House of Lords as a second chamber. As Mr Walter Elliot said in the House of Commons in 1955, advocating an industrial parliament: "Are we not witnessing the emergence of a new estate of the realm—a new strand in our make-up lacking which the nation cannot work? It is the hallmark of an estate of the realm that it can vote supplies. We can vote the supply of money, without which enterprises of state cannot be conducted; the trade unions can vote the supply of labour without which the state cannot be conducted."

Any machinery may be defied by the miners or some other militant union, but the greater status and representative capacity the greater will be the pressure to work with—rather than against—the common will.

Eric Wigham

\*Eric Wigham is the author of *Strikes and the Government 1893-1974*, published on March 18, by Macmillan, price £10.

## Mr Benn: The system of leaks and gossip that is devaluing Parliament

One of the many engaging things about Mr Wedgwood Benn is that he quite openly realises both the advantages and disadvantages of the former should be used to propagate the latter. He is therefore greatly enjoying the current leadership contest: not since the referendum on EEC membership—which he describes as "the best thing which ever happened to British politics"—has he felt able to discourse so freely on subjects remote from his departmental brief.

"It seems to me right that when a Prime Minister is being elected, quite apart from the leader of a great party, the public should have a chance of knowing the views of the candidates, in exactly the same way as in the United States, the primary elections proceed throughout the whole of the year preceding the Presidential election," he said in an interview in his vast office at the Department of Energy. "That is a necessary part of the democratic process."

True to his word, Mr Benn has already issued three statements, calling among other things for adoption of the TUC and Labour Party conference economic strategy, complete with import controls; for more open government; for reform of the EEC's common agricultural policy and for caution over direct elections to the European Parliament.

Many of Mr Benn's ideas make people feel uncomfortable because they seem to be ideologically motivated, which is un-British. Another reason perhaps is that, more orthodox approaches having manifestly failed, there is a good deal of logic in his more radical suggestions. He would certainly be a shame if good ideas—like his call for more open government—were tarnished simply by their source.

Mr Benn believes strongly that Members of Parliament are brought into the legislative process too late to have an effective influence on many Bills. He has always thought it "wrong and strange" that backbench amendments should be ruled out at the committee stage in the

Commons on the ground that the Government had already reached an understanding with the various interest groups involved during the private consultations during the preparation of legislation. "This is bad for democracy, bad for Parliament and bad for government," he said.

When he told industrialists as Secretary of State for Industry that he learnt the contents of the Budget only hours before the public, they thought he must be joking. He is equally angry about the way Labour MPs were simply expected to say "yes" to the Government's plans for public expenditure cuts.

Although the first discussions on public expenditure took place before the referendum, and there was a leak

in mid-summer, at no stage were the basic choices or problems made clear to the House of Commons. That's no way to handle things, and it's no argument to say that there is close consultation within NEDC. This is the sort of procedure which is pushing Parliament into a subordinate position. The Government, he believes, should let it be known what problems are concerning it. It should identify the options. It should be more open about the stage which discussions have reached. And it should "take it all a bit more steadily".

"What we have at the moment is a mixture of leaks and gossip. Why do we do it that way? We are saddled with an old-fashioned system."

Mr Benn is a good deal less convincing about import controls, at least to anyone afraid of the downward spiral of protectionism. Did he favour an import deposit scheme of the type operated here in 1964 and, with great success, by the Italians in 1974? "How it is done is secondary. One of the troubles is that the phrase 'import controls' has become rather an emotive term. Yet unemployment is a form of import control, because poor people cannot afford to buy German cars or French clothes. A fall in the value of money is also a form of import control."

Import controls would be temporary, designed not to feather-bed industry, but to provide a "sustained period of national re-equipment" as

part of an overall strategy. His fear, which is reasonable, is that the economic upturn will find the economy unable to meet the export demands. Although many and Japan may also be from high unemployment, factoring industries have poured into them. "The danger of the slump has been generation of under-invest."

Mr Benn does not see a strike record as a serious record in recovery, and has an alibi in the British we and his unique inheritance generations of industrial "I believe the English sit be found in its most scenic Fleet Street and the City of

the tragedy, as he sees the British worker has equipment, and that the means of valuing inheritance. "Of course people who in their craft and work don't create like the first generation or like migrants. Like many politicians fascinated by the recent Times series on the fall of This, he thought, clearly, Heath's misconception, it could be seen with the as with the CBI: once it had agreed, they would order down to the troops, way lay the corporate feared, and the troops resisted."

He sees Britain's movement, rooted in high of decency, as an enormous asset. "It is the reason have never had a strong Party in Britain, and we able to resist Fascism," he believes that, right sort of encouragement same movement could be back to sound economic he is doing his best to encourage.

Roger B



Mr Benn: an almost mystical faith in the British working man.

## Is Mr Jenkins the man to sweep the board for Labour

Bernard Levin

In voting for their new leader, Labour MPs are inevitably beset by the problem of trying to balance a number of aims which, even if they do not conflict irreconcilably, do not necessarily coincide either. They want a leader with a political outlook they find acceptable (put aside any belief that they will pay attention to his personality, his vowels or his taste in food and drink—these are the tired clichés of tired columns and Labour MPs are not quite so silly or shallow as the media would have it).

They want a leader who is not only a good speaker but also a good politician, one who can act as a sounder basis for industry as a whole. It may be that earlier schemes failed because they did not go far enough. Perhaps what is wanted is an economic and industrial body which is part of the Government, taking the place of the House of Lords as a second chamber. As Mr Walter Elliot said in the House of Commons in 1955, advocating an industrial parliament: "Are we not witnessing the emergence of a new estate of the realm—a new strand in our make-up lacking which the nation cannot work? It is the hallmark of an estate of the realm that it can vote supplies. We can vote the supply of money, without which enterprises of state cannot be conducted; the trade unions can vote the supply of labour without which the state cannot be conducted."

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his vote for the leader likely to succeed; they will be looking for someone who can keep the party in office and them in their seats, and there is nothing immoral or selfish about their putting that consideration first among their thoughts.

That being so, there can be no objection if I put it first in presenting the case for Mr Jenkins. And the question can be asked in the most pertinent way, and the way which most clearly exposes the hodge-podge argument, in these words: which candidate do the Conservative and Liberal Parties least want to see at the head of the Labour Party? If Labour MPs will cast their minds back to the last leadership election, they will recall vividly that the carpets at the House of Commons and Central Office were worn into holes by the knees of Tories praying that the party would choose Mr George Brown as its new leader. That had nothing to do with the respective qualities, characters or political views of the rivals; such considerations were for people like me, not for those whose job it would be to beat whomever the Labour Party chose. And the Tories chose Mr Jenkins now for the same reason that they feared Wilson then: they think he will be the hardest man to beat.

It is ironic that the very quality for which so many of the left, in particular, cheer for Mr Jenkins—his ability to transcend the old barriers to the extension of the Labour vote by appealing to many who have never voted Labour—is, paradoxically, the present political circumstances, the greatest potential electoral asset the party has. In the first place, the Liberal Party is in such disarray (we need not pause to examine the reasons) and its electoral fortunes for the foreseeable future, so dim, that a very substantial proportion of the votes it received at the last election must be ripe for cap-

ture. Mr Foot or Mr Benn as leader could capture none of them, indeed would drive many into the Tory camp; the other four contenders would have a chance to make inroads into them; Mr Jenkins, not only because of his general moderate stance but because of his espousal of so many bourgeois and civilized causes, might sweep the board. Let no Labour MP, ah! for the pure wine of socialism, affect to despise those Tories: a cross on a ballot paper has the same effect in a marginal constituency whether it is cast by a disillusioned Liberal or by the secretary of the local trades council.



Mr Jenkins: appeals to many who have never voted Labour.

And Mr Jenkins's appeal goes further; there are many uncommitted voters to be garnered, and there are even the votes of some Tories who are unable to accept the party's real or illusory shift to the right. And there are many, many voters in the same position as myself—that is, those who are instinctively and temperamentally on Labour's side, and who voted Labour consistently from their first vote until 1974 (as did I), but who then found themselves driven into voting Tory at last, not because of the attractions of Tory policy, but because of what the Labour Party had become. Let none

of the 313 Labour MPs underestimate the strength of our yearning to return to our natural allegiance, or of our conviction that only Mr Jenkins offers us the chance of doing so. (And let none of them, incidentally, fear that Mr Jenkins would alienate left-wing Labour voters; Labour voters, of whatever stripe, have no serious or honourable home for their votes anywhere in the Labour Party's left, though in the event of Mr Foot's selection they would certainly find such a home to the party's right.)

Many a Labour MP, pencil poised, will seek to look no farther than his party's electoral chances when making up his mind; and there is no matter for blame in that. But I believe that those who do wish to look farther will also find much to commend Mr Jenkins. His record as Chancellor of the Exchequer was one of the outstanding ministerial successes of any postwar government, producing some of the best balance-of-payments figures ever achieved while maintaining virtually full employment. As Home Secretary his only serious errors have been the acceptance of the Mountbatten Report on prison security, and the television licence affair, and both of these are greatly outweighed not only by the way in which he has, as I say, extended the frontiers of the civilized society, but in the extraordinary achievement of doing so while retaining the confidence of the law enforcement authorities.

It is said that Mr Jenkins "will not be able to get on with the unions"; as if the subtlest, shrewdest and most flexible mind among the contenders does not know how to bargain with men who in any case, as I said yesterday, are not concerned with the false picture of the man on the other side of the table, put together out of a stock of media clichés, but with the real substance of the bargaining. It is said that Mr

Jenkins will be "influenced" through a country in general is he would be the most unifying influence. (And as far as I am concerned, I more honest of man who to bring this char him to admit that nor the smallest in seeking unity, who the Labour Party, their own terms.)

So much for the considerations that shaping the decision voters. But among the best decisions Jenkins and what his party and his passage from H.L. Senator Robert La Follette the fio enshrines the fio which would persue vote for Jenkins I Labour MP and I. presenting it for sideration to those ally are:

I shall vote for I tings, and for o I he is the best man, as a man. Th in his nose. Nobo Nobody bosses I even advise a th wrong, he has stoc bottom, firmly a Since the day he u of his politics, he is in good wra facing great odds against his followe over time always it with superb resolution politicians among him? Surprisi out of fashion, a on end of skulkers safe men? ... it try it would be! Times Newspaper

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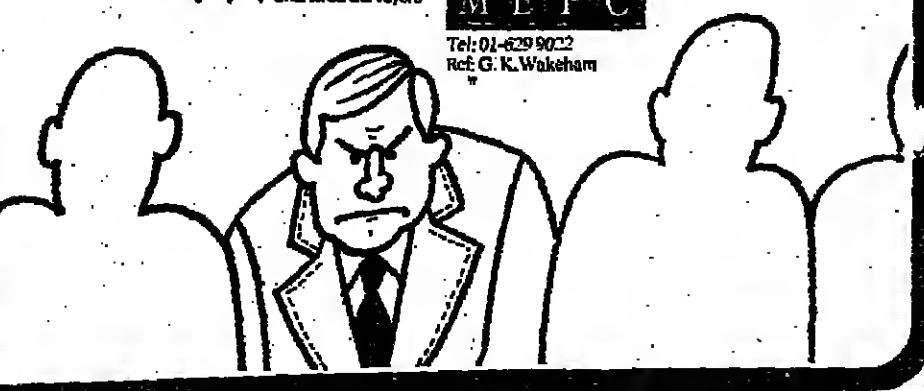
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## The Times Diary

Throwing hats past the post

and beyond first base, no matter who is first past the post. Serious: Very briefly, who do you think is going to win? Sverk: It goes without saying that Mr Callaghan will win conclusively, probably on the second ballot. That's always been the case. But if we commentators were to have said this openly, how would we have kept the story alive these last few days?

Aplomb

I had my first sight yesterday of Anne Armstrong, the new United States ambassador, as a result of which I can predict that "aplomb" will be one of the words most used about her during her stint. She showed lots of it as she put in a well-judged appearance at a little party organized by the Post Office to launch their American Bicentennial stamp (a picture of long-haired Benjamin Franklin).

A small, composed woman with a winning smile and jet-black hair, she wore a mauve suede suit, with a powder blue and lime scarf, tan shoes, pearl earrings and a large gold watch. Our own Sir William

Rylsard, who runs the Post Office, was larger and less elegant, in a dark suit which was too big round his portmanteau, and which was put out of shape higher up by something bulky in his breast pocket.

The ambassador chatted to the press about how she was settling in after four weeks. She spent last weekend doing touristy things—the National Gallery, "A Month in The Country," visits to Eton, Windsor and Hampton Court. Her house in Regent's Park was "just perfection" though she planned some small embellishments to give it a "personal flair and flavour".

In her platform speech she remarked that, if Franklin had succeeded in reconciling the British Government with the rebel colonials, she would not be here today, and she would be sorry that she was not too diplomatic to mention one notable link between Britain and the United States: their postal service is even worse than ours.

Cover-up

Richard Nixon and his works are still being treated like a tar-baby by the Ford White House. The latest piece of Washington nonsense, causing much embarrassment, is the former President's report on his successor about his second China visit.

The hapless White House press secretary, Ron Nessen, was denying knowledge of any such report. It would be received through channels, by a functionary, he said. The President was above all that. The Ford reelection campaign is understandably scared

of the Nixon connexion, and there had been a silly cover-up by General Brent Scowcroft. Henry Kissinger's successor as national security adviser to the President. He had secretly dispatched the functionary by special aircraft last week to collect Nixon's report. One copy was read by Gerald Ford, another by Dr Kissinger. Both returned them to Nixon by air mail.

Poor Nessen did not discover all this until after the event, and vowed it would not happen again. What was in the 60-page report? Nobody would except that it was "essentially helpful".

Stiff climb

Last week I brought you news of indoor climbing, today I can report that London's thousands of frustrated rock-climbers now have a serviceable indoor substitute for the conspicuously absent mountains and crags. Until now they have made do with the walls of disused warehouses and prayers of canal and railway bridges, sometimes running into difficulties with the law. Yesterday, Peter Boardman, one of Everest's British conquerors and training officer of the British Mountaineering Council, opened new climbing walls in the Sobell Sports Centre in Islington.

A rockface of reinforced concrete, complete with chimney, jamming cracks, overhangs and an opposing face for energetic bridging exercises, now towers above one of the badminton courts. Better still, in the experienced climbers' opinion, the wall of the long corridor leading to that corner of the building has been converted by

What does that account the boss nationalized and



simply knocking bricks and cement pieces of it. None the less suspicious of wall Boardman could had been ordered by a sports centre climbing without may be introduced unsympathetic as a completely sport. You get pe done the North Eger being o because they have signad certificate











# THE TIMES BUSINESS NEWS

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Commodities  
get a hint  
of the upturn,  
Page 21

## Output disruption brings new threat to spending plans for Leyland Cars

By Our Financial Staff  
Leyland Cars has fallen so short of its target for the first three months of the year that it is now facing the possibility of a severe drop in its share price. The company's output has been disrupted by a combination of factors, including a shortage of components and a strike by its workers. This has led to a significant reduction in production, which is now threatening the company's ability to meet its financial targets. The company's management is now facing a difficult decision as to whether to increase its spending on research and development or to cut back on other areas of the business. The company's share price has fallen by more than 20% since the start of the year, and it is now trading at a discount to its book value. This has led to a loss of confidence among investors, and the company is now facing a serious challenge to its financial stability.

but this is partly due to the failure of some components manufacturers to meet Leyland's increased order schedules. The situation is all the more serious because Leyland's production is now running at a level which is well below its capacity. The company's management is now facing a difficult decision as to whether to increase its spending on research and development or to cut back on other areas of the business. The company's share price has fallen by more than 20% since the start of the year, and it is now trading at a discount to its book value. This has led to a loss of confidence among investors, and the company is now facing a serious challenge to its financial stability.

threatens production of all Leyland cars. Too many workers at SU Carburetors in Birmingham are on strike over a claim for parity with other Leyland factories. They supply all the company's carburetors. Ford lay-offs inquiry: Lay-off procedures, when men are sent home because of a dispute in which they are not involved, are to be examined by the management at the £93m Ford car plant at Halewood. Joint talks will be held with the unions and the shop stewards and a spokesman said yesterday that they could go on for some time. The management gave an assurance last week that the problems would be analysed once 2,000 men on strike on the night shift went back. Registrations down: Private car and van registrations in the United Kingdom last month fell by almost 7,000 compared with February last year, according to provisional figures issued by the Department of the Environment yesterday. When seasonally adjusted the figures show that car and van registrations were running at a monthly rate of 101,000 last month while in January there were 115,000 registrations. There was also a fall of almost 3,000 over February last year in registrations of goods vehicles.

## BTR offers £15.6m for American group

By Our Financial Staff  
BTR Limited, the international rubber, plastics and engineering group, is offering \$30m (£15.6m) for SW Industrial, a publicly-owned American corporation which is one of the leading producers of paper mill and textile plant machinery in North America. BTR's offer, worth \$42 per share of SW's common stock, has received initial approval of the SW board. Discussions have been started to work out the form and timing of the deal. It is submitted to SW's directors and stockholders. The bid is conditional on Bank of England approval for the transfer by BTR of the necessary funds from this country. BTR has had trading links with SW for more than 40 years, and in the past 10 years the two companies have operated a number of joint ventures in Britain. SW's sales in 1975, including those from joint operations with BTR, amounted to \$37m from 12 manufacturing facilities within the United States and 10 overseas licenses. The American group has made a record of over 35 per cent compound earnings growth since the late 1960s. Although the slump in the paper cycle cut that growth to 20 per cent before last year, BTR's earnings per stock unit amounted to \$12. Mr Owen Green, BTR managing director, explains that the group's decision to make the bid could be justified on purely growth grounds, given SW's investment grounds, given SW's investment grounds, given SW's investment grounds.

## BICC raising £20m by rights issue to finance development projects

By Our Financial Staff  
The company has just reported its final results for 1975, showing profits down from £39.5m to £32.3m. Activity was poor during the year, particularly in the United Kingdom. Publication of the accounts has been brought forward to April 8 so that shareholders can have full balance-sheet details before deciding whether to take up their rights before April 30, the closing date for the offer. Mr W. Fraser, BICC's chairman, is saying in his annual statement: "We have battled through a hard year in 1975 and while, as past records show, we remain an industry to watch, we are ready and well placed in all respects to take full advantage of the expected recovery." The board expects to maintain the dividend at 10.125p a share gross on the capital increased by the rights. The new shares will not be offered to American or Canadian shareholders who include General Cable Corporation with 10.2 per cent of the company.

BICC's capital. Merchant bankers to the BICC issue are Morgan Grenfell while Cazeove are brokers. Standard Chartered rights: After the success of the Lloyd's Bank rights issue last week, it became clear yesterday that the underwriters will also not be called upon to take up any shares from Standard Chartered's £31m rights issue. Rather more than 10 per cent of the issue is believed to have been left unsubscribed by entitled shareholders, but the bulk of these shares were placed in the market yesterday at 360p against the rights offer price of 355p and an overnight share price of 364p. After the placing, the share price went higher at 372p. The fact that underwriters have not been called upon to take up either of these two major banking rights issues—totaling £105m—is undoubtedly important for the health of the rights issue market. Financial Editor, page 21

Shares pick up, but turnover still low  
By Our Financial Staff  
Realising a mark-up by jobbers at the outset sent share prices strongly ahead on the London stock market yesterday, and by the close the FT Index had gained 7.8 to 399.1. But the volume of business was thin, and for the third day running bargains were below the 6,000 mark. Dealers said there were a couple of occasions when they thought the mood was right for a genuine advance, but over a broking firm's suspension, which came just before 3 pm, put paid to such thoughts for the rest of the session. Once the pre-arranged political uncertainty has been cleared away most think the bull market will be ready to continue its run. Pre-tax profits at Consolidated Gold Fields, one of Britain's four major mining

## Broking firm suspended from foreign dealings

By Our Financial Staff  
Treasury officials are investigating the affairs of Lewis Altman & Co, a stockbroking firm and an options specialist, after withdrawal of its permission to deal in foreign exchange transactions under the 1947 Exchange Control Act. This unusual action was revealed yesterday when The Stock Exchange announced at its weekly Council meeting (after a request from the Treasury, it is understood) that Lewis Altman & Co was suspended from trading, pending clarification of the position. The announcement said: "No new bargains, including the exercise of options, may be entered into by the firm, its shareholders, or employees, except with the permission of the Treasury." The firm, which has five partners headed by Mr Lewis Altman, has offices in Portsmouth and Bristol as well as in the City of London. It is understood to transact a large amount of business in overseas securities and has a substantial list of overseas clients, particularly in the Far East. Last September merger negotiations with Morgan & Co, another stockbroking firm, were terminated. Lewis Altman & Co is one of three firms in London dealing in options. No one was available for comment at any of the firm's offices yesterday, and both The Stock Exchange and the Bank of England are regarding the affair as a sub judice until the results of the Treasury's inquiries are known. The "certain special and general permissions" under the Exchange Control Act that have been withdrawn cover the whole range of dealings in foreign securities and the dollar premium, as well as business transacted on behalf of overseas clients. It is clear that the Treasury would not have brought the Stock Exchange suspension lightly, because it is only rarely that a member firm, once suspended, begins to trade again.

## EC urged to halt milk or feed plan

By John Earle  
The Food and Agriculture Organization's intergovernmental group on oilseeds, oils and fats has called for a halt as possible to the recently announced European Economic Community programme to use 600 tons of surplus skim powder as animal feed. The group expressed concern over the effects of the scheme at a meeting held in London at which 54 countries and international organizations, including the EEC, were represented. The group urged EEC countries to halt such action did not to the detriment of other countries, and did depress the level of international trade. The group was one of several measures and objectives aimed at increasing stability in national and international markets. Another suggestion was that measures to reduce consumption and imports of vegetable oil, including olive oil, should be taken with the aim of countering adverse effects on other countries. The group noted that output of oilseed and oil was higher than in the previous year.

## High hopes for US compromise budget

From Frank Vogl  
US Economics Correspondent  
Washington, March 23  
Congressman Brock Adams, chairman of the budget committee of the House of Representatives, today announced a new budget plan for the next fiscal year which stands a reasonable chance of being accepted by both Congress and the Administration. The plan is a compromise between President Ford's extremely austere proposals, which have been widely criticized, and the more liberal Democratic proposals. It involves public spending in fiscal 1977, which starts on October 1, totalling \$412,800m (about £230,000m) compared to the President's budget of \$394,200m. Congressman Adams said his plan would produce a deficit of about \$50,000m and provide sufficient stimulus to assure continued economic recovery. The President's proposal could lead the economy back into recession next year, he said. This new plan is likely to be somewhat modified to produce a possible deficit of \$55,000m, which Congressman Adams is likely to accept as an important first step towards more balanced budgets after a possible \$75,000m deficit in the current year. The scheme involves a cut of about \$2,000m in President

## PO depots get petrol coupons

Stocks of new petrol coupons are being moved from the Government's central stores to Post Office depots throughout the country over the next two weeks. The Department of Energy stresses that this is a routine distribution and the Government has no intention of introducing petrol rationing in the immediate future. In addition, the rules should establish criteria to enable government to distinguish "disorderly" from "orderly" currency movements (a point, he said, which was left vague in the recent turnover agreement), and, finally, for agreeing which countries must coordinate central bank interventions. Professor Cohen said he thought the mixed system of floating made up of isolated countries and regional blocks was likely to stay for a long period.

## Docks Board confident of bid success

By Our Financial Staff  
Sir Humphrey Browne, chairman of the British Transport Docks Board, remains confident that with "right and reason on our side" the board will acquire the port of Felixstowe, despite European Community counter-bid which has now been accepted by more than 90 per cent of Felixstowe's shareholders. He emphasized yesterday that "the future of Felixstowe will be settled in Parliament." The fact that European Community counter-bid has now been accepted by more than 90 per cent of Felixstowe's shareholders. He emphasized yesterday that "the future of Felixstowe will be settled in Parliament." The fact that European Community counter-bid has now been accepted by more than 90 per cent of Felixstowe's shareholders.

## Depositors accuse ministry over Herstatt collapse

By Peter Norman  
From March 23  
West Germany's banking watchdog, the West German Supervisory Office for the Banking Industry, was today charged with "unparalleled dilatoriness" in connection with the collapse of Bankhaus J. D. Herstatt in Cologne in the summer of 1974. In a case brought before the first civil chamber of the state court in Bonn, the Herstatt Savers Association claimed that the Herstatt bank could have been saved if the supervisory office had intervened earlier. Bankhaus Herstatt was shut after running up losses of around DM1,200m (about £240m) through foreign exchange dealings. Its closure remains the most serious bank collapse in West Germany since the Second World War. As the Supervisory Office in Bonn reports to the Herstatt Ministry in Bonn, the Herstatt

## IBM profits up 20 pc in U K on sales of £396m

Profits of IBM United Kingdom Holdings, an offshoot of International Business Machines Corporation of New York, rose by 20 per cent from £60m to £72m before tax in 1975 on sales which were 15 per cent up at £396m. However, IBM United Kingdom pointed out that orders of old stock the previous year, but revenue reflected a high level of installation of equipment, much of which had been ordered in 1974. "Exports of goods and services rose to £18m from £16m in 1974," with a slight improvement in export profitability. The profit level on home sales was reduced by cost inflation which was not fully reflected in price increases. Investment in fixed assets totalled £50m last year against £48m the previous year.

## as boost for Iernsey

By Our Financial Staff  
The 80 jobs will be created by the new light industrial development office. The office will produce copper for plumbing systems, launchers, and thermocouples. The office will also produce copper for plumbing systems, launchers, and thermocouples. The office will also produce copper for plumbing systems, launchers, and thermocouples.

## Call for currency 'behaviour code'

From Richard Wigg  
Paris, March 23  
Western industrial nations were warned today that they must devise a "code of good behaviour" in managing the present system of floating currencies, or risk future international monetary crises. Professor Benjamin Cohen, of the Fletcher School of Law and Diplomacy, who is making a study of the politics of international monetary relations, gave the warning when speaking at the Paris-based Atlantic

## Gas showrooms reducing choice of new cookers

By Roger Vellvoe  
British Gas is reducing the number of gas cooker models on sale at the same time as introducing six "Superflame" cookers as a variation of the new brand marketing techniques. Gas showrooms throughout the country previously kept 57 types of cooker on their sales lists, but as part of a major rationalization this number has been reduced to 30. The showrooms have 85 per cent of the domestic market for gas appliances and gross a sales turnover of £54m annually. Models not on the Gas Corporation's list are now only available from independent dealers. British Gas says the Superflame cookers are produced in its own specifications and still carry the manufacturer's name. But they are not available outside the nationwide chain of showrooms. By reducing the number of models available, British Gas hopes to make savings in servicing and maintenance. Rationalization arises from the corporation's experience during the natural gas conversion programme. It found that out of 2,000 different types of cooker converted—some 40 or 50 years old—23 models accounted for 85 per cent of the 12 million cookers in use throughout the country.

## Britain's petrol still second cheapest in EEC

By Our Energy Correspondent  
Price cutting has helped to make British petrol almost the cheapest in the European Community. Only in Luxembourg is it cheaper than in Britain. It is not only petrol that is cheap in Europe. A survey by the Department of Energy shows that British coal and domestic electricity are the cheapest in Europe. The survey quotes 72p a gallon as a typical price for premium petrol in Britain compared with 70.7p a gallon in Luxembourg. But in none of the other seven EEC states is this grade of petrol available for less than 82p a gallon. In France, it costs more than 95p, while in Italy top grade petrol costs nearly 103p a gallon. The figures were given by Mr John Smith, Minister of State at the Department of Energy in a parliamentary answer yesterday. Pitched prices for British coal are also cheaper than anywhere else in Europe despite regular price rises over the past two years, domestic tariffs for so average all-electric households remain the lowest in Europe. Although natural gas prices in Britain are not the cheapest in the EEC, they are generally in the lower range of European prices.

## Marine insurance deadlock

No early solution is expected to the crisis which has split the Joint Hull Committee representing Lloyd's and company marine insurance underwriters in the London market. The crisis centres on the rates and terms on which marine risks are being accepted. Lloyd's underwriter, represented on the committee have already met to discuss differences, which it is suggested could lead to a breakdown of the Joint Hull Committee Agreement. However, it is understood that little progress was made at this meeting. Meanwhile, no confirmation was available last night from officers of the committee that they had agreed to increase interest paid on current and deposit accounts.

## Italian banks set 18 pc prime rate

In Rome the Association of Italian Banks has announced that the main Italian banking houses had agreed to apply a prime rate of 18 per cent, after last week's drastic rise in the discount rate from 8 per cent to 12 per cent. Loans to most private clients are expected to bear interest at 20 per cent to 22 per cent. The association have so far taken no decision to increase interest paid on current and deposit accounts.

## W the markets moved

LLOYD'S BANK		LLOYD'S BANK	
10p to 288p	10p to 288p	10p to 288p	10p to 288p
5p to 350p	5p to 350p	5p to 350p	5p to 350p
3p to 275p	3p to 275p	3p to 275p	3p to 275p
1p to 150p	1p to 150p	1p to 150p	1p to 150p
5p to 350p	5p to 350p	5p to 350p	5p to 350p
6p to 412p	6p to 412p	6p to 412p	6p to 412p
15p to 325p	15p to 325p	15p to 325p	15p to 325p

## THE POUND

Bank		Bank	
1.60	1.60	1.60	1.60
1.60	1.60	1.60	1.60
1.60	1.60	1.60	1.60
1.60	1.60	1.60	1.60
1.60	1.60	1.60	1.60
1.60	1.60	1.60	1.60
1.60	1.60	1.60	1.60

## UNEMPLOYMENT AND VACANCIES

The following are the monthly figures for Great Britain released by the Department of Employment yesterday:	
1974	1975
April 647	548
May 535	546
June 516	562
July 567	577
Aug 556	597
Sep 647	603
Oct 613	607
Nov 621	613
Dec 1182	1129

## The Ashdown Investment Trust Limited

The Annual General Meeting was held yesterday at 120 Cheapside, London, EC2V 8DS.	
1975	1974
£716,819	£687,838
£323,484	£306,850
3.32p	3.17p
3.05p	2.925p
143p	76p

## Other pages

24	Company Meeting Reports:	26	Interim Statement:
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31	Acquis Securities:	33	Schlesinger American:
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## Govan pares prices in bid to secure £50m Kuwait ship tenders

By Peter Hill

State-owned Govan Shipbuilders should know within the next two weeks whether or not it has been successful with its bid for around £50m worth of shipping orders for Kuwait. These orders are crucial if Govan is to avoid laying people off this summer. The company has been granted Government permission to quote potentially loss-making prices in the bid against razor-sharp international competition.

The Department of Industry closely monitors Govan's output and financial performance. Clearly the decision to allow the company to quote at cut prices has the blessing of Mr Varley, the Secretary of State for Industry, who last summer made it clear in a statement on provision of an additional £17m of state aid that all contracts taken by the company would have to be "on terms acceptable to the Government".

Mr Varley also underlined the importance the Government attached to the company's ability to meet declared productivity targets. Whilst the decision to allow the company to quote competitively, while obviously influenced by the political implications for the Government if Clydebank workers had to be laid off, has also undoubtedly been helped by improved productivity, as recorded in the company's returns to the Department of Industry.

While still far short of ultimate targets and international competitiveness, the trend appears to be encouraging, with

vessels taking an average 20 weeks from keel-laying to launching, and a further eight weeks to banding over. This compares with a performance of 28 weeks from keel-laying to launching a short time ago.

The Kuwait order is for six vessels each of 23,000 tons deadweight, of the same class as a series of 13 orders placed with Govan by Kuwait some time ago, seven of which have already been delivered. The Clydebank company lost a follow-up order of 15 ships from Kuwait because it was unable to quote fixed prices and early delivery.

These orders went to the Hyundai yard in South Korea, which is building the ships under the Govan design licence. Other orders for British yards are in prospect. On the lower Clyde, the Scott Lithgow group has been negotiating with Indian interests since last autumn, and hopes to pick up useful orders for between two and four cargo liners.

Indications are that the Algerians will want to spread the orders around three or four different countries.

British shipbuilders are expected to receive detailed specifications of the Algerian requirements in the next few days.

Business Diary, page 21

## Further fall in contracts for builders

A further drop in the rate of new orders in the construction industry is disclosed in figures published yesterday by the Department of the Environment.

The January total for new orders was £319m. Over the three-month period November, January, total new orders decreased 17 per cent compared with the previous three months and fell 15 per cent compared with the period November 1974 to January 1975.

These changes are on the basis of constant (1970) prices and adjusted to exclude normal seasonal variations.

In public housing, new orders were 25 per cent down on the previous three months but four per cent up on the corresponding period one year earlier. Private housing showed increases of 4 and 23 per cent respectively.

On the basis of comparison public works orders showed falls of 19 and 27 per cent. Private industrial building orders dropped by 27 and 51 per cent and private commercial orders were down by 16 and 3 per cent respectively.

## Caution on machine tool sales to East Europe

British companies tempted to take up machine tool orders from East European companies were warned yesterday that they could be creating long-term problems for some British industries.

Mr Robert Fernie, head of the engineering division of P.A. Management Consultants, said: "We are in the position of robbing Peter to pay Vladimir by allowing British industry to over-commit itself to the needs of the Eastern block."

"Export is one thing, but companies should be alerted to the possible dangers which could have disastrous consequences for large sectors of British industry."

Most East European countries were now applying technology and automation at a faster rate than their Western counterparts.

## Labour costs rising faster in Community

Brussels, March 23.—Labour costs are rising much faster in most nations of the European Economic Community than in the United States, according to a monthly review issued by the Community.

Increases in wage costs per unit of production in industry, including construction, increased 15 per cent or more in 1975 in all Community nations except West Germany, where the rise was 6.5 per cent.

By contrast, the review said, the American rise was 9 per cent. Italy and Britain showed the steepest increases—at 34 per cent and 33 per cent.

## Export successes by Racial group

Orders amounting to £25m—£24m worth for export—were gained by companies of the Racial Electronics group during January. This is equal to half the turnover figure for the previous financial year (to March 31, 1975). Most of the orders were for defence communications equipment and systems, to be supplied by the Racial-Mobil and Racial Communications companies, for countries in Africa and in Asia.

## French to curb credit

France plans to tighten consumer credit terms to counteract a new upsurge in inflation and release some industrial capacity for exports, according to official Paris sources. M. Jean-Pierre Fourcade, Finance Minister, will discuss the measures at today's Cabinet meeting, and give details later to the Parliamentary Finance Commission.

## Japan steel target

Japan's Ministry of International Trade and Industry said yesterday that it had set the production target for crude steel during the three months starting on April 1 at 25.5 million metric tons. This is 3 per cent up on the preceding quarter, but down 2 per cent from a year earlier.

## Du Pont's European chief sees improved prospects for fibres

By Our Industrial Correspondent

Forecasts that total west European fibre consumption will rise by about 2.5 per cent a year between now and the end of the decade, and consumption of man-made non-cellulosic fibres will increase by 7 per cent, were made yesterday by the head of Du Pont's European fibre operations.

In his annual review of the fibres industry, Mr H. M. Pickering, of Du Pont de Nemours International SA, said it looked as if the man-made fibres industry would fare better this year than last, but the improvement would still fall far short of what was needed to restore profitability to the level required to sustain future growth.

He noted that after the depressed levels of trading for most of the year, demand had improved in the final quarter of last year, but this increase had not been reflected in better prices. These had continued to fall, and producers had suffered big losses.

He noted that after the depressed levels of trading for most of the year, demand had improved in the final quarter of last year, but this increase had not been reflected in better prices. These had continued to fall, and producers had suffered big losses.

## West German trade surplus shows decline

Wiesbaden, March 23.—West Germany's trade surplus for February fell to DM2,195m from DM3,228m in January, according to figures from the Federal Statistics Office announced today.

West Germany's surplus in January compared with December's DM3,228m surplus and one of DM3,607m in January last year.

The statistics bureau said that after taking invisibles into account, provisional figures from the West German Federal Bank showed the country had a current balance of payments surplus of DM700m last month. This compared with a revised DM300m surplus in January and a revised DM1,900m surplus in February, 1975.

Swiss balance data: Switzerland showed a trade surplus of 33m Swiss francs (about £8m) in February, compared with a 320m francs deficit a year earlier as shown by official figures published in Berne.

## Jobs threat 'if Bill delayed'

By Stephen Goudwin Parliamentary Staff

MPs on the Commons Standing Committee considering nationalization proposals for the aircraft and shipbuilding industries held their thirty-fifth sitting yesterday, with a warning that delay in enacting the Bill would threaten shipbuilding jobs fresh in their minds.

Although it is only a partial guide to progress, the committee reached page 57 of the 91-page Bill. Discussions centred on amendment 245, which deals with the setting-up of a tribunal to determine questions of disputes arising under the Act.

So far 377 amendments have been put down—some of which have already been discussed—and there are also 12 new clauses to be considered.

Last Thursday, Mr Kaufman, the Minister of State for Industry, said that the longer the delay in enacting the Bill, the more workers would be without jobs and the more shipyards would be in jeopardy of being closed.

## LETTERS TO THE EDITOR

### The efficient use of electricity

From Mr J. W. Dawson

Sir, Having been abroad on holiday, I have only just seen the letter published in your issue of Tuesday, February 24, from Mr Smallhorn on the subject of energy saving. In particular, he suggested that some motorway lighting could be turned off to reduce energy consumption.

The main object of lighting streets outside urban areas is, of course, to achieve a reduction in road accidents, particularly in areas of heavy traffic density. The stretch of motorway instanced by Mr Smallhorn, the M1 between London and Newport Pagnell, is subject to heavy traffic loading for a large proportion of the time.

In most cases, motorway lighting is controlled by photo-electric devices which switch the lights on when daylight falls below a predetermined level, and switches them off again when natural lighting returns to the desired level.

Such a control device does not permit any of the lights to be switched off during the hours of darkness. To achieve this, would require the replacement of the photo-cell control by time switches at quite considerable expense, and it is believed that on balance the maintenance of the present system is more cost-effective.

Incidentally, lighting is one area in which the efficiency of use of primary fuels has improved by orders of magnitude in recent years. The type of lighting used on motorways is in general high-efficiency sodium discharge lighting, which produces as much light as a 1500 watt tungsten filament lamp, as might have been used 20 years ago for a similar purpose.

In the past 20 years the efficiency of conversion of primary fuels into electricity has itself improved by some 30 per cent, with the result that now a little

over three-quarters as much primary fuel is used as was when first required 20 years ago.

The net result of these quite dramatic improvements in the efficiency of conversion of primary fuels into electricity is that the primary fuel previously used for a given purpose is now used for a much larger purpose.

Further, the fuel used for power stations whether coal or oil is mainly low grade fuel capable only of being used under very large boilers. These fuels were not used in the electricity industry, of it would probably be as few other fuel users the capability of burning low grade fuel.

Yours faithfully, J. W. DAWSON, Assistant Chief Commercial Officer (Tariffs and Economics), Midlands Electricity, Macclesfield, Cheshire, M62 8BP, March 18.

### The thermal insulation of houses

From Mr E. Ambrose

Sir, The excellent article (March 18) on Nordic Homes and the advantages of the timber house was weakened by one unhappy paragraph which highlights the true British Disease: insulating a house with a few bags of wool with adequate insulation at close quarters.

Your author, Alan Bailey, wrote: "The British second home market could strengthen appreciably... the high standards of insulation could well be lowered for the British market. The British have less feeling for temperature than the Scandinavians, particularly on holiday." Five fallacies in one short paragraph!

(1) The British market needs the same standards of insulation as the Scandinavians with current fuel costs, in order to provide adequate room temperatures at the lowest cost and to conserve energy.

(2) Once you have designed for a high standard of insulation you save nothing by choosing a lower standard.

(3) A high standard of insulation does not give you a greater or lesser "feeling for temperature". You simply use less fuel to achieve the temperature you require.

(4) Insulation is "two-way". It also works in the summer to keep you cool.

(5) A highly insulated second home will be used in the winter as well as the summer as soon as its economic comfort is appreciated.

But whether or not we are considering first, second or "only" houses please let us stop talking about meaningless economies to be effected by reducing thermal insulation "because we are British".

Yours faithfully, ERIC AMBROSE, Royal Institute of British Architects, The Ridgeway, Mill Hill, NW7, March 18.

### Joking in private...

From Mr W. Malt

Sir, I am disturbed at the deterioration in the standard of your reporting. Apparently, the Business Diary of The Times is reaching the level of a gossip column. When I moved the "re-election" of Sir Derek Ezra (March 18) it was purely to get the meeting along after the banner between Joe Cornley and Sir Derek. I am fully aware of the factors governing the appointment of the chairman of the National Coal Board. Things have come to a sorry state when one cannot make a joke in a private meeting.

My concern at the apparent leakage of some of the more trivial proceedings of the Joint

### The proliferation of associations for small firms

From Mr J. H. Stevenson

Sir, The announcement in Times of March 15 that another small firms and employed persons' association had been formed will add to the difficulty of persuading Government departments and Ministers to take seriously the very real problems such businesses face.

A few years ago the then Minister for Small Firms, Anthony Grant, MP, said in a letter that "... there are to be as many organizations as small firms as there are small firms."

Two other points arose from your report—one that the largest association in the field had 45,000 members and other that the most influential was the small firms department of the CBI.

Without seeking to initiate an auction may I point out that the National Chamber of Trade includes 350,000 small firms and that its relationship with Government departments is less effective than that of the CBI? So far as Retailers are concerned, since they were specially mentioned in report, the CBI's small firms department—even including a myriad of subsidiaries of firms, which go to make up membership—is a complete non-runner.

Small businesses in general and retailers in particular have been well and truly served by the NCT for over 75 years.

Yours faithfully, J. H. STEVENSON, National Organizer, The National Chamber of Trade, Enterprise House, Henley-on-Thames, Oxon RG9 1TU, March 17.

### Policy puzzle

From Mr J. A. C. Kneel

Sir, I was pleased to see from your report in Business News on the Price Code (March 15) that the Government has "entirely rejected" policies you could have fooled me!

Yours faithfully, J. A. C. KNEEL, Managing Director, Capital & Counties Laundries, Cowley Bridge Road, Exeter, EX4 5AA.

Consultative Committee will be venerated elsewhere. W. MALT, General Secretary, National Union of Miscellaneous Workers, Durham Area, PO Box No 6, Red Hill, Durham.

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BY THE FINANCIAL EDITOR

## BICC prepares for recovery

week's sudden fall in the market following Ford's resignation forced us to take substantial losses of stock on their

There was bound to be a fall, and it duly followed. However, we are now regaining their losses and while the market is still in a state of uncertainty, the leadership of the group is resolved and the tone looks sound. There are still more losses around prepared to take £450 or more in FT losses by mid-summer than not. Meanwhile, issues are being affected by the market's short-term political moves and if there is no solid suggestion that the great issues of 1975-76 is coming to an end, it is likely that those making money are having to give a further £100 to £200 to BICC yesterday with a coupon price of 87p was a near-27 per cent discount to the market price. The market price is subsequently fell back to 100p. BICC has almost daily ensured success by a yield of 11.69 per cent on the new shares.

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uestions  
r 1976

ad by nearly a half at the time level after six months, Platt has finished the year nearly 40 per cent up—or less on a comparable basis if one strips out a first contribution from Scragg, which chipped in £331,000 profit in the third quarter of £700,000 of exchange rate is. Not that the group was expected to perform anything but 1975 given its huge machinery order books the start of the year, and though increasingly competitive markets were starting to make themselves more apparent in margins towards the end of the year, this year moved up from £6.2m (after £8.3m) to £8.3m, or the rest, the marine and chemical divisions have held well—slightly higher profit of £2.6m in the face of problems of the shipbuilding industry, while pumps have improved and the trial side has moved up to £1.1m with both Blyth and Calcutta coming in.

1975 (1974)  
Capitalization £43.6m  
Sales £139m (£111m)  
Pre-tax profits £8m (£5m)  
Earnings per share 17.8p (16.1p)  
Dividend gross 4.52p (4.11p)

APCM  
Home price  
increases

The key to another excellent half-year Associated Portland Cement, taking full-year pre-tax profits to £42.5m against last year's depressed £22.5m, is the continued good performance in the United Kingdom. Several cement price rises have more than compensated for the 4.7 per cent drop in home demand and thanks to the 1975-76 price Code higher selling prices have more than offset cost pressures. Even so, the improvement must also be credited to APCM's stock on cost as well as its



Mr. Donald McCall, who was chairman and managing director of Consolidated Collieries at the end of June

### Weir Group Bouncing back

Weir Group has met its forecast made at the time of last October's £2.5m rights issue, but profits for 1975-76 would be around £6m. The actual total is £6.2m although much of the apparent growth is recovery from the artificially depressed results of the previous year.

In the engineering division, for instance, the doubling of pre-interest profits to £4.09m has to be seen in the context of what the three-year week did to that division's profits in the early part of 1974. On the other hand, the fact that profits have been virtually maintained at around £4.1m in foundries and engineering supplies makes an £800,000 loss by Polypak BRL and thus good performance elsewhere. Static profits also in the aircraft equipment division (£347,000) reflect the working through of a substantial fixed-price overseas contract while a 3 per cent fall to £455,000 in profits from desalination and heat exchange division, despite a 65 per cent increase in sales there, reflects a new more cautious policy on profit-making.

The implication here is that earnings have yet to see the benefits of the current surge in desalination plant orders but they may not see them until next year. Weir started the current year with a £120m order book but markets for engineering, steel foundry and hydraulic seal companies are said to be "difficult", pending an upturn in Western economies. Current earnings are forecast to be "in line" with last year's, which incidentally also soundly by comparison with the previous year because of an abnormally high tax charge in 1974-75. The shares look relatively lowly rated on an historic p/e ratio of 4.8 and with a yield of nearly 7 per cent at 95p.

1975-76 (1974-75)  
Capitalization £21.9m  
Sales £108m (£89m)  
Pre-tax profits £6.2m (£3.02m)  
Earnings per share 19.6p (5.3p)  
Dividend gross 5.62p (3.86p)

### APCM Home price increases

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APCM  
Home price  
increases

Comments, suggestions or inquiries are to be sent to neither a man nor a woman but to an "advertising unit" at EOC's Quay Street headquarters. In the interim, Guidance on the Advertising Sections of the Sex Discrimination Act 1975. Norfolk issue Rights issues are a penny in the stock market these days, but issues, whatever their shape or form, are still as rare as gold-dust. When one involves a company where Max Joseph, chairman of the huge and successful Grand Metropolitan hotels and brewing group, has a large personal stake, there is reason for looking at it more closely. Not that the company in question—Norfolk Capital Group—is any stranger to the market, having first gone public in 1946. By the end of the 1960s Norfolk had built up quite a reputation for acquisition, to the extent

extremely favourable coal supply agreement with the National Coal Board. Overseas, a third of sales last year and 60 per cent of profits—has also been very buoyant with Nigeria probably nearly doubling its contribution.

Plainly, then, this rate of growth cannot be maintained in the current year with cement deliveries running 5 per cent below last year and no repeat of 1975's once and for all recovery from 1974's depressed level. However, the overseas companies should continue to do well, particularly Nigeria and Kenya, and profits will be boosted by the sharp drop in sterling.

On earnings of 20.5p a share, the shares are selling on a p/e ratio of 9.3 at 190p but APCM is already switched over to re-investment cost accounting, so the historic cost basis used by other building material suppliers the ratio drops to around 7. That and a yield of 6.2p makes the share attractive in an otherwise dull sector.

1975 (1974)  
Capitalization £154m  
Sales £228m (£213m)  
Pre-tax profits £42.5 (£22.5m)  
Earnings per share 20.5p (10.1p)  
Dividend gross 11.7p (10.64p)

Cons. Gold

### A high tax charge

Results from Consolidated Gold Fields should have been plain sailing for the market, given that the major constituent parts were already known, but that was without reckoning for a swingeing 65 per cent tax charge on pre-tax profits of £19.1m.

The abnormally high charge was the result of a combination of several circumstances: a substantial fixed-price overseas contract while a 3 per cent fall to £455,000 in profits from desalination and heat exchange division, despite a 65 per cent increase in sales there, reflects a new more cautious policy on profit-making.

With a 43 per cent drop in pre-tax profits, the group must be seen to be at its lowest ebb. During the first half the earnings of the United States steel company, compared with a price of over £700 now and tin was £3,050 a tonne, whereas it was now around the £3,700 level. These low prices helped to turn the mining division round from a £9.8m revenue contribution into a £302,000 loss.

Unsurprisingly, dividend income was some £2m adrift at £7.47m, due largely to the devaluation of the Rand and the dividend cut by a platinum producers, particularly Rustenburg.

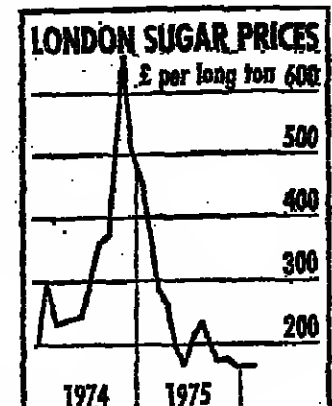
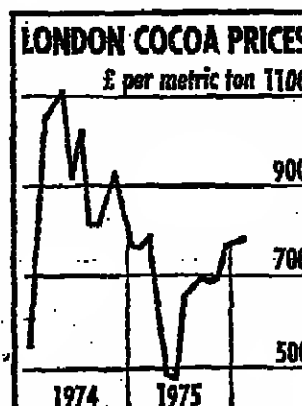
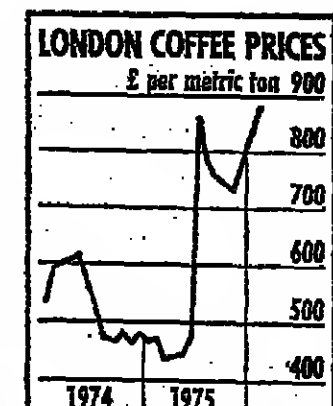
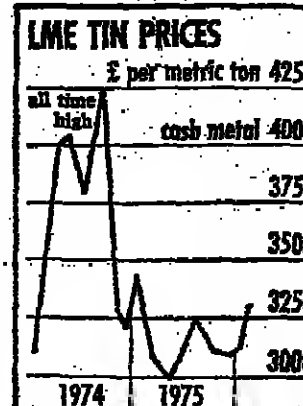
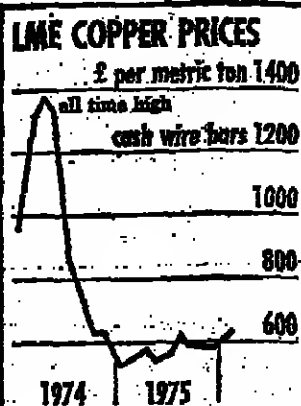
Profits on the realization of investments were almost doubled and were significantly higher than those of Union Corporation, or even Charter Consolidated.

With base metal prices on the upswing, gold relatively stable, if not exciting, and a more equitable tax charge likely, earnings of 19p to 20p a share for the year seem to be in order. That would leave the shares on a prospective p/e ratio of about 8 and a prospective yield of 7 1/2 per cent at 152p. Political problems concerning Southern Africa notwithstanding, the shares are now reasonably priced.

1975/76 (1974/75)  
Income £25.1m (£36.4m)  
Pre-tax profits £19.1m (£33.7m)  
Dividend gross 4.06p (3.69p)

Stoking up

Railway buffs, West Country commuters and business holiday-makers are this week being exhorted to provide up to £55,000 in new share capital for the West Somerset Railway Company which wants to reopen the line from Minehead to Taunton, closed by British Rail in 1971.



## Commodities get a hint of the upturn

Never a dull moment is a tag that might well be applied in the activities of the commodity markets. Always, there is something disturbing the production, or consumption, or price of one raw material or another.

Taking recent months, or even weeks, as an example, we have had the disastrous frosts in Brazil sending up coffee prices; Soviet buying sprees in the price of both grain and sugar; clashing statistics from assorted experts making cocoa prices wobble; and a combination of dangers in southern Africa and the currency crisis sending metal prices into an upward spiral.

But, despite alarms and excursions, there is a central theme in the scenario for 1976-77: it is that all commodities are waiting for a "something" to turn up. And it does seem from the latest United States indicators that industrial recovery is gathering pace, with a big February increase in housing starts and car sales going up sharply.

Taken all round commodity prices are rising and the outlook is bullish. But the small-to-medium investor should beware: prices can go down just as rapidly as they go up and money that the investor cannot afford to lose should not be put into commodities. The metals are the sector most sensitive to economic ups and downs and, of the metals, copper and tin can be regarded as the "leading indicators" in assessing the outlook. The prospects in these two metals are:

Copper: Last week was a brisk one in the London market which saw cash wire bars advance from £696.25 per tonne at the beginning to £715.75 on Friday, with the three-month position beginning at £715.25 per tonne and ending at £735.75, rises of £19.50 and £20.50 per tonne respectively.

In the light of subsequent events, AMC feels that the first figure should probably be lifted to £750-£800, although its second figure stands. Tin: Although there has been an upward movement in sympathy with other metals, a tightening of "spot" supplies has been the real factor behind last week's steep rises in prices.

Standard cash rose from £3,572.50 per tonne on Monday to £3,735 on Friday, an increase of £162.50, while three months went up from £3,611 to £3,739, an increase of £128. On Friday alone, the increases were £108.50 and £53 respectively. In high-grade tin, the rises were even sharper—£172 for cash and £155 for three months on the week and £115 and £75 on Friday, although there was virtually no trading in high grade.

Although overall the use of tin is declining, production is also dropping. While the eastern market is buoyant, there may be political problems in Malaysia where, in any case, more than 90 gravel pump mines closed last year and others are facing possible closure. Furthermore, the International Tin Council's buffer stock manager has large stocks, which cost a lot of money to finance, and early liquidation will be looked for.

Taking these factors into account, it is reasonable to

assume that although LME prices will probably climb to the £4,000 level, either this year or early next, the peak prices, in May, 1974, of £4,042.50 for standard cash and £4,062.50 for three months, will be difficult to reach.

In the "soft" commodities coffee and cocoa are the most volatile from the point of view of price, and sugar is the one in which the ordinary person has the most interest. Taking each in turn, the prospects are: Coffee: The market has had more disturbances in the past 12 months than any other among commodities. First, the frosts in Brazil last July sent up prices immediately, although the main effect is on the 1976-77 crop.

Other difficulties have included the fighting in Angola, an apparent "hold back" policy in Uganda and, of course, the currency crisis. It has been estimated that the 1975-76 world coffee crop will be some 20 million bags (of 60 kilos each) below the previous crop year's total of 60 million bags, with exportable production of some 52.6 million bags, against world demand of about 55 million bags. This would mean drawing on world stocks to the tune of some 2 million to 2 1/2 million bags.

Friday's prices in London were £881 per tonne for "spot" March and £889.50 for second position May—only fractionally below the February highs. The outlook cannot be for anything other than steadily rising prices, probably making the second position to more than £1,000 by the year-end. Cocoa: Confusion is probably the best word to describe the

present state of the market. First there is doubt whether a new international agreement worked out in Geneva last October will come into force and, if it does, whether it will work or fail, like its predecessors.

Then there are differing opinions over whether there will be a surplus or a deficit of supply in 1975-76. Whatever the truth, the price is coming months depends very much on the Bahia temporal crop in Brazil. If it is successful, prices may ease from the upper seven hundreds reigning last week. If it runs into difficulties, higher prices can be expected, with the second position probably being in the £900-£950 range by the end of the year.

Sugar: Two issues overhang the market at present. One is the re-emergence of the Soviet Union as a major buyer, although there is doubt, and confusion about how much has been bought and from whom. The other issue is whether consumption, which was adversely affected by previous high prices with sugar substitutes gaining ground, will increase more rapidly than production. For the 1975-76 crop year there is likely to be an excess of supply over consumption of up to two million tons. It is probably fair to say that price levels will not move far from the present £185-£190 range per long ton for the present and it may well be well on into 1977 before the £200 mark is topped.

Wallace Jackson  
Commodities Editor

## The unemployed of Naples unite...

John Earle

Cleaner streets than a year ago and historic buildings being restored behind scaffolding are what strike the visitor to Naples today. We have seen the first signs of the communist-socialist administration in office since September, the second is a concrete result of agitation by a self-help movement of unemployed workers, the "Comitato di lotta" (Committee of Struggle).

The initiative originated in Spaccanapoli, Naples' oldest quarter, in three bare rooms at 41 Via dei Cinquecenti ("Alley of the Five Saints"), so-called from a chapel once there. The base-belted, bare, second-hand duplication machine and a furled banner for demonstrations—"Make the bosses pay for the crisis". Upstairs is a free medical dispensary manned in his spare time by a young volunteer doctor and equipped with a few pharmaceutical samples—another example of self-help outside official structures.

With unemployment allowance at 800 lire (about 50p) a day (and that for only six months before the recipient is thrown on public assistance), members of the Five Saints committee talk of the pressures to go into crime, prostitution, smuggling or any dubious activity run by local political bosses. The real stories of rigged competitions for jobs at some posts in municipal services out of reach because they used to be simply up for sale, and of humiliations such as

office, then under a Christian Democrat administration. Here a serious incident occurred. Police squads charged to evict them, although Signor Tramontano maintains "we never touched a pin in the place". The outcome was four injured, 62 detained, two arrested and one innocent passer-by run over by a police jeep and killed.

This, however, marked a turning point. When they demonstrated next day they were joined by factory workers and on May 18 the trade unions swung round to order a general strike in their support. "Public opinion began to understand we were not agitators," Signor Tramontano said. "We are non-political, even if each of us is free to hold and proclaim his opinions."

The unions had woken up to the danger of their falling under political extremists and mounted a campaign to attract them to organized unionism. In consequence their demonstrations are now coordinated with the unions and their banners display also the initials of the three confederations: CGIL, CISL, UIL.

In June the group went to Rome to demonstrate at ministries. Signor Tramontano tells

how they were regaled with stories of official allocations for Naples, such as 257,000 lire extraordinary aid, 125,000 lire ordinary aid, and 70,000 lire to create 10,500 jobs by the end of 1975.

In fact, the only tangible result they saw was the offer of 700 temporary jobs in a special drive to restore public buildings and monuments. They accepted, even though their professions covered a widely differing range from labourers to skilled metal workers, barbers, tailors, and even university graduates.

Another tangible result came at Christmas when their lists and those of other groups were given a special grant of 40,000 lire (£26) per head.

They have been in Rome again recently to demonstrate for the implementation of government pledges to Naples. The trade unions appear to have smothered any spontaneous combustion into political extremism or violence and the group's relations with the unions are on the whole good. Not so, however, with the police, according to the Five Saints committee picked up four members the other day and took them off to Poggioreale prison.



## International Commercial Bank Limited

Extract from Audited Accounts 31st December 1975

	1975	1974
	£000	£000
Consolidated pre-tax profit	3,967	3,135
Share Capital and Reserves	13,440	11,839
Subordinated Loans	11,288	7,833
Total Deposits	373,650	346,571
Total Assets	422,724	387,748

### SHAREHOLDERS

THE HONGKONG AND SHANGHAI BANKING CORPORATION  
THE FIRST NATIONAL BANK OF CHICAGO CREDIT LYONNAIS  
COMMERZBANK A.G. IRVING TRUST COMPANY  
BANCO DI ROMA S.p.A. (Through its unconditionally guaranteed subsidiary Banco di Roma Holding S.A.)

9-10 Angel Court, London EC2R 7HP

Telephone: 01-606 7222 Telex: 88 73 29

Betty Lockwood and Lady emerged last November chairman and deputy chairman (their choice of words) of new Equal Opportunities Commission, it was on the per of judgement or whims of the Secretary and not on public advertisement. his freedom to hire allowed Roy Jenkins is not to be used by his appointees to people in the recruitment process, notably advisers, publishers, today the Manchester-based issues interim guidance" the request of those hapless who fear entrapment in the 38 of the EOC's only general last December's Sex Discrimination Act. This says in a roundabout way it is unlawful to publish or to be published an advertisement containing the use of words of a sexual connotation, such as "male" or "postman". EOC advertising working is chaired by Lady Howe is working on an agreed code advertising practice with the EOC. Today's interim guidance appears at the industry's feet. It is full of ifs and buts, but can be summarized as: even "sexual" words "engineer", "cook" or "accountant" are out, unless the text of the advertisement uses phrases such as "Can men or women...?" or "Applications are invited from members of either sex...". It is the impact of the advertisement as a whole, not the use of words, that counts, no advertisers should beware of illustrations that suggest that only men or only women are required.



Maxwell Joseph



This document contains particulars given in compliance with the Regulations of The Council of The Stock Exchange for the purpose of giving information to the public with regard to Norfolk Capital Group Limited (the "Company") and is not an invitation to any person to subscribe for or to purchase any share capital of the Company. The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

This document is published in connection with the application which has been made to The Council of The Stock Exchange for admission to the Official List of the issued Ordinary Shares of the Company.

# NORFOLK CAPITAL GROUP LIMITED

(Incorporated in England under the Companies Act 1929—Registered No. 414351)

## DIRECTORS

MAXWELL JOSEPH, 55 Grosvenor Street, London W1X 9DB (Chairman)

DAVID IDWAL JAMES, F.R.I.C.S., 30 Lauriston Road, London SW19 4TQ (Managing)

GILBERT BENSON BAKER, A.S.C.A., "Stockland" Beechen Cliff Road, Bath, Avon

JAMES DUNLOP MCGUFFIE, 31 Inner Staithe, Hartington Road, London W4 3TP

## SECRETARY AND REGISTERED OFFICE

GILBERT BENSON BAKER, A.S.C.A., 2/10 Harrington Road, London SW7 3ER

SHARE CAPITAL		Issued and fully paid
Authorised	£	£
929,230.80	Ordinary Shares of 5p each ..	586,239.30
70,769.20	"A" Ordinary Shares of 5p each	70,769.20
£1,000,000.00		657,008.50

At 27th February, 1976 the Company and its subsidiaries ("the Group") had outstanding secured bank overdrafts totalling £5,266,224, £33,850 4p cent. First Mortgage Debenture Stock 1985, £250,000 7p cent. First Mortgage Debenture Stock 1987/92 and mortgage loans totalling £501,285. Save as aforesaid and apart from liabilities between companies constituting the Group, no company in the Group had outstanding any borrowings or indebtedness in the nature of borrowing, bank overdrafts or liabilities under acceptances (other than normal trade bills) or acceptance credits, material hire purchase commitments, guarantees or other material contingent liabilities.

## AUDITORS AND REPORTING ACCOUNTANTS

FINNIE ROSS WILD & CO., Chartered Accountants, Lee House, London EC2Y 5AX

SOLICITORS  
ASHURST, MORRIS, CRISP & CO., 17, Trogmorton Avenue, London EC2N 2DD

BANKERS  
WILLIAMS & GLYNS BANK LIMITED, 36 Baldwin Street, Bristol BS1  
BARCLAYS BANK LIMITED, Aithlows Road, Bisham, Blackpool

BROKERS  
JOSEPH SEBAG & CO., Bucklersbury House, 3 Queen Victoria Street, London EC4N 8DX and The Stock Exchange

REGISTRARS AND TRANSFER OFFICE  
M & WM SERVICES, Granby House, 95 Southwark Street, London SE1

DEBENTURE STOCK TRUSTEES  
COMMERCIAL UNION ASSURANCE CO. LIMITED, 1 Undershaft, London EC3P 3DQ

## 1. HISTORY

The Company was incorporated as a public company on 4th July, 1946 under the name of Norfolk Hotel (Hove) Limited and a quotation was obtained for its ordinary share capital in 1946. By 1972 a number of acquisitions had been made by the Group as a result of which it owned three hotels in London and eight in the provinces as well as a chain of restaurants. In 1973, ten London hotels and other properties, were acquired by the Group for a total cash consideration of £8,510,749. Because of the size of these transactions, the Directors requested the suspension of the listing of the Company's ordinary shares and 91 per cent. Convertible Unsecured Loan Stock 1990/95 (since fully converted). Later that year the Company acquired the issued share capitals of two property companies for a total consideration of £736,000 (settled by the issue of 1,415,384 "A" ordinary shares of 5p each of the Company credited as fully paid) and two hotels were sold for £5 million. Of this sum £750,000 was originally left on loan until December 1975, the repayment date being subsequently extended to December 1976 in consideration of a higher rate of interest and charges on certain properties.

In 1974, the restaurant interests were sold for a total consideration of £580,000 of which £290,400 consisted of the repayment of an inter-company loan and the Parkway Hotel was sold for £622,500 in cash. Later that year a long lease, with regular rent reviews, was granted on the 11 Piretta hotel and restaurant and its fixtures and fittings sold for cash and an agreement was entered into to grant a lease of the Lincoln Hotel.

## 2. BUSINESS

As a result of the above transactions, the Group now operates nine hotels in London and eight in the provinces, which range in type from "first class" to smaller tourist hotels. Most of the hotels provide banqueting and conference facilities as well as bars and licensed restaurants which are open to non-residents.

During 1975 an agreement was entered into with Blackpool Borough Council under which one of the Company's subsidiaries manages the Norbreck Castle Hotel, Blackpool for a fee. There is an option under which, in certain circumstances, the Group may elect to acquire the hotel.

The Eccleston Court office block, which forms part of the Eccleston Hotel complex owned by the Group, is currently undergoing a complete refurbishment which will be completed later this year.

The Group's shop and office developments at Billericay and Epping are now fully let and income producing. The Group owns sites at Wickford and Buckhurst Hill in respect of which no firm commitments have yet been entered into.

## 3. MANAGEMENT AND STAFF

Mr. Maxwell Joseph (aged 65) has been Chairman of the Company since 1969.

Mr. David James, F.R.I.C.S. (aged 34) was appointed Managing Director in April, 1973.

Mr. G. B. Baker, A.S.C.A. (aged 41) was appointed a Director in March, 1974, and has been Secretary of the Company since August, 1971.

Mr. J. D. McGuffie, (aged 45) has been a Non-Executive Director, since 1969.

In addition to the main Board of Directors, the day to day management is supervised by regional directors of subsidiary companies. Hotel operations are under the control of a General Manager and property management is administered by the Group Surveyor.

A central Sales and Reservations Office is maintained under the control of a General Manager who is also responsible for two Regional Sales Offices.

## 4. WORKING CAPITAL

Taking into account the bank and other facilities available, the Directors are satisfied that the Group has sufficient working capital for its present requirements.

## 5. PROFITS, PROSPECTS AND DIVIDENDS

Throughout the hotel industry 1975 was a difficult year: the Group sought to maintain a high occupancy rate to mitigate the erosion of profit margins which was widely experienced. In the current year it is hoped that profit margins can be improved.

It will be seen from the accounts below that interest charges during the year ended 30th September, 1975 on the Group's borrowings were substantial in relation to the Group's income for that year and a similar position still obtains. One of the Board's objectives is to continue to examine the means by which this situation can be rectified. In particular, the Group has various assets which are not currently producing income due to programmes of improvement or refurbishment and, on completion of such programmes, these assets will become available to be let or sold. It is proposed, subject to approval at the Company's Annual General Meeting, to pay a dividend of 0.2p per Ordinary Share in respect of the year ended 30th September, 1975.

## 6. ACCOUNTANTS' REPORT

The following is a copy of a report by Finnie Ross Wild & Co., Chartered Accountants and Auditors to the Company.

The Directors:  
NORFOLK CAPITAL GROUP LIMITED

23rd March, 1976

Gentlemen,

NORFOLK CAPITAL GROUP LIMITED ("NORFOLK")

We have audited the accounts of Norfolk and its subsidiary companies (the "Group") for the five years ended 30th September, 1975 and report that the Group Profit and Group Balance Sheets based on the audited accounts and after making such adjustments as we consider appropriate were as hereunder.

## Group Profit

Notes	Years ended 30th September				
	1975	1974	1973	1972	1971
1. Turnover	4,037,126	5,028,283	4,334,168	3,084,809	2,508,857
Cost of Sales	3,819,747	4,715,851	3,886,311	2,615,932	2,072,205
2. Net Trading Profit	217,379	312,432	447,855	468,877	436,652
Net Rents Receivable	146,880	59,635	36,196	45,067	24,117
Dividends and Interest Receivable	114,431	93,345	27,502	3,075	13,101
3. Share Dealing Profit (Loss)	22,250	(186,503)	(5,455)	498	—
4. Share of net Profit (Loss) before taxation of Associated Company	5,645	(1,827)	5,038	9,202	8,054
Net Profit before Interest Payable and Taxation	508,365	267,262	531,136	526,519	481,724
Interest Payable	480,298	419,804	189,305	120,865	113,398
Net Profit (Loss) before Taxation	46,069	(152,522)	341,831	405,654	368,326
5. Taxation	(15,852)	(34,510)	167,023	120,086	140,515
6. Profit (Loss) after Taxation	61,921	(118,012)	174,808	285,568	227,811
7. Extraordinary Items: Profit (Loss)	—	270,861	37,887	(3,842)	—
Profit after Extraordinary Items	61,921	152,849	212,705	281,726	227,811
8. Dividends	23,450	23,450	93,443	102,197	102,197
Increase in Reserves	38,471	129,399	119,262	179,529	125,614
9. Earnings per share	0.53p	(1.01)p	1.49p	3.49p	2.79p
Fully diluted earnings per share	0.47p	(0.90)p	—	—	—

Notes:  
1. Turnover represents gross receipts from external customers of the Group's hotels and restaurants and excludes Value Added Tax.  
2. Net Trading Profit is arrived at after charging:

Notes	Years ended 30th September				
	1975	1974	1973	1972	1971
Directors' Remuneration	24,247	16,527	12,865	11,122	12,540
Leasehold Amortisation and Depreciation	93,310	85,266	87,769	49,183	29,215
Auditors' Remuneration	8,000	8,000	6,100	4,100	3,728
3. A share dealing subsidiary of Norfolk values its share portfolio at the lower of cost and market value. The share dealing profits and losses shown above include the following unrealised profits and losses resulting from adjusting the portfolio to market value at the Balance Sheet date when that was lower than cost.					
(Losses in brackets) 1975 £15,950 1974 £198,182 1973 £(48,602) 1972 Nil 1971 Nil					
4. Norfolk holds a 50 per cent. interest in the share capital of Norfolk Limited. This company's accounting periods ended in July up to 1972 and June in subsequent years and these are taken as co-terminous with Norfolk's for the years ending on the subsequent 30th September. Norfolk's audited accounts for 1971 did not incorporate its share of the profits of Norfolk Limited and the above profit has been adjusted so as to include this.					
5. Interest Payable					
The total amount of interest payable by the Group was:					
	1975	1974	1973	1972	1971
Debt Interest	20,814	20,814	20,814	20,814	20,814
Interest on Convertible Unsecured Loan Stock	55,340	18,088	92,702	94,525	68,754
Mortgage Interest	680,251	856,816	127,642	5,657	23,826
Bank and Short Term Interest	756,405	895,498	241,158	120,865	113,398
In accordance with the accounting policy of the Group this interest was allocated as under:					
Charged against Profit for the year	460,298	419,804	189,305	120,865	113,398
Charged against Extraordinary Items	—	112,994	—	—	—
Added to cost of Fixed Assets under construction or refurbishment	296,109	362,700	51,853	—	—
	756,405	895,498	241,158	120,865	113,398

Notes:  
The amount added to Fixed Assets for 1975 in respect of interest was £296,109 less tax relief of £148,500.

6. The taxation charge is Corporation Tax based on the profit for the period less losses for the same period or brought forward where applicable and also taxation on dividends receivable. At 30th September, 1975 subsidiary companies had losses available for set off against future profits of approximately £400,000 subject to agreement with the Inland Revenue. Provision is made for tax deferred by accelerated capital allowances received and also for timing differences using the deferred method. The amounts relating to deferred taxation included in the taxation charges shown are:

Notes	Years ended 30th September				
	1975	1974	1973	1972	1971
1975 £(27,233) 1974 £(10,000) 1973 £164,800 1972 £8,000 1971 £26,500					
Also included in the taxation charges are the following relating to the share of profits and loss of Norfolk Limited:					
1975 £2,613 1974 £(705) 1973 £2,304 1972 £3,697 1971 £3,629					

7. Extraordinary Items

Notes	Years ended 30th September				
	1975	1974	1973	1972	1971
Surplus on sale of sundry properties	—	15,393	65,897	30,328	—
Surplus on sale of Kensington Palace, Prince of Wales and Parkway Hotels	—	710,789	—	—	—
Net loss on sale of Alpino Group restaurants and Barbecue restaurant	—	(450,321)	—	—	—
Initial expenditure on restaurant opened during year	—	—	—	(23,117)	—
Compensation for loss of office paid to former director	—	(5,000)	(28,000)	(8,053)	—
Taxation	—	—	—	—	—
	270,861	37,887	(3,842)	—	—

8. Dividends  
The cost of dividends paid and proposed on the issued Ordinary Shares Capital of Norfolk and the rate (pence per share) was:

Notes	Years ended 30th September				
	1975	1974	1973	1972	1971
Interim	—	—	22.625p	30.659p	30.659p
Second Interim	—	—	0.8125p	—	—
Final (1975 proposed)	23,450	23,450	—	71,538	71,538
	23,450	23,450	84,443	102,197	102,197

Issued Ordinary Share Capital: £526,228 1975, £508,298 1974, £441,888 1973, £408,726 1972, £408,726 1971

The dividends for 1971 and 1972 are the gross amount before deduction of Income Tax. For subsequent years the dividends are the amount paid excluding the related tax credit. The dividends for 1973 with their related tax credit of 30 per cent. were equivalent to the same rate per Ordinary Share as those paid for 1972. The "A" Ordinary Shares issued by Norfolk were not entitled to a dividend for any accounting period ended on or before 30th September, 1975.

No dividends have been proposed or paid by Norfolk for any period subsequent to 30th September, 1975.

9. Earnings Per Share  
This is based on the net profit or loss after taxation but before extraordinary items divided by the number of Ordinary Shares of 5 pence each in issue at the end of each accounting period. The fully diluted earnings per share is calculated on the same basis but incorporates the total Ordinary and "A" Ordinary Shares in issue.

## 10. Leasehold Amortisation and Depreciation

The amounts charged in the accounts as stated above were based on the book value of the fixed assets before revaluation at the following rates:

Notes	Years ended 30th September				
	1975	1974	1973	1972	1971
Freehold Property	—	—	—	—	—
Leasehold Property	—	—	—	—	—
Furniture and Equipment	—	—	—	—	—
Soft Furnishings	—	—	—	—	—
Motor Vehicles	—	—	—	—	—

On 30th September, 1975 the valuation by Messrs. Conrad Ribbles & Co. of Group's fixed assets other than certain equipment and the motor vehicles was adopted as the Group's accounts. Norfolk has stated its intention to use the same basis for amortisation and depreciation of the revalued fixed assets in 1976 except that the amortisation of leasehold over fifty years unexpired will be discontinued. It is modified basis had been employed in 1975 on the assets as revalued the charge for amortisation and depreciation would have been £94,369 compared with the actual charge of £93,310.

## Group Balance Sheets

Notes	At 30th September				
	1975	1974	1973	1972	1971
A. Fixed Assets	9,684,832	8,873,431	11,398,932	2,820,645	2,760,880
B. Associated Company	—	—	—	—	—
Share at cost	2,500	2,500	2,500	2,500	2,500
Loan	—	—	—	—	—
Share of Retained Reserves	4,322	3,790	4,712	6,228	4,973
	8,823	6,291	7,213	8,729	7,474
C. Loans due to Group	810,000	930,000	8,300	8,300	31,500
Current Assets	106,061	92,471	164,640	106,979	85,401
Stock on Hand	618,535	866,612	446,128	184,141	187,221
Debtors and Prepayments	43,857	11,355	15,388	58,715	186,679
Cash at Bank and in Hand	183,811	179,861	318,234	69,802	—
Quoted Investments	954,364	950,099	942,980	419,637	449,301
Current Liabilities	1,114,176	1,470,385	874,033	253,829	252,165
Creditors	5,372,854	4,803,658	8,789,183	—	135,868
Bank Overdrafts (secured)	28,738	32,825	75,153	225,864	200,892
Corporation Tax	46,900	23,450	93,443	102,197	71,538
E. Dividends	6,562,668	6,330,318	9,831,812	581,890	660,263
F. Debentures	—	—	—	—	—
4 1/2% First Mortgage 1985	33,850	33,850	33,850	33,850	33,850
7 1/2% First Mortgage 1987/92	250,000	250,000	250,000	250,000	250,000
	283,850	283,850	283,850	283,850	283,850
G. Mortgage Loans	527,594	272,523	—	—	—
H. 9 1/2% Convertible Unsecured Loan Stock 1990/95	—	—	—	995,000	995,000
Provision for Renewals and Replacements	60,000	60,000	72,500	72,500	75,000
I. Deferred Taxation	486,487	470,133	227,766	98,400	90,400
Net Tangible Assets	3,535,420	3,342,997	1,939,507	1,323,871	1,144,142
Goodwill	459,988	600,598	1,141,018	867,018	667,018
Net Assets	3,995,408	3,943,595	3,080,525	1,990,889	1,811,160
J. Issued Share Capital	657,008	657,008	586,239	408,769	408,769
K. Share Premium Account	2,397,620	2,397,620	1,734,728	941,604	941,604
L. Reserves	940,760	866,957	759,558	640,298	480,767
	3,995,408	3,943,595	3,080,525	1,990,889	1,811,160

Notes:  
A. Fixed Assets at 30th September, 1975:



# NORFOLK CAPITAL GROUP LIMITED

Continued

Quoted Investments  
These are stated at the lower of cost and market value at each Balance Sheet date.  
Market value at 30th September, 1975 was £183,311.  
Dividends

	1975	1974
Dividend 1974 (paid 3rd October, 1975)	23,450	23,450
Proposed Final Dividend 1975	23,450	—
	<b>46,900</b>	<b>23,450</b>

**Debentures**  
Issued by a subsidiary company, Bristol & West Hotels Limited. The 4% per cent. First Mortgage Debenture Stock is secured by Trust Deeds and is repayable in 1985 at par, 100% of the Stock was issued and Bristol & West Hotels Limited has purchased and called £6,150 of the Stock to date. The 7% per cent. First Mortgage Debenture Stock is secured by a Trust Deed and is repayable in 1987/82 at par.  
**Mortgage Loans** (not wholly repayable within five years)  
Secured on the property of a subsidiary company and repayable in the case of one by equal half-yearly instalments of £14,690 (including interest at 10.75 per cent. per annum) until 2003 and in the case of the other by equal half-yearly instalments of £15,728 (including interest at 12.5 per cent. per annum) until 2004.  
On 14th March, 1973 £18,182 of the Stock was converted into 63,973 Ordinary Shares of 5p each of the stock credited as fully paid under the then conversion rights. On 21st January, 1973 the early conversion of the remaining Stock was approved and on 28th January, 1973 £375,808 nominal of the Stock was converted into 3,485,028 Ordinary Shares of 5p each credited as fully paid.

	£
30th September, 1975	236,877
Provision for accelerated capital allowances	468,000
Provision for potential liability on revalued fixed assets	(148,500)
Tax relief on capitalised interest	(13,000)
Other timing differences	(54,890)
Deferred Taxation	<b>468,487</b>

	£
Share Capital	
30th September, 1975	929,231
18,384,616 Ordinary Shares of 5p each	70,769
1,415,384 "A" Ordinary Shares of 5p each	<b>£1,000,000</b>

	£
Called and Fully Paid	
11,724,788 Ordinary Shares of 5p each	586,239
1,415,384 "A" Ordinary Shares of 5p each	70,769
	<b>657,008</b>

The "A" Ordinary Shares now rank pari passu in all respects with the Ordinary Shares except that holders are not entitled to receive by way of dividend or otherwise distribution out of the assets or profits of Norfolk declared, made or paid by reference to any accounting period ended on or before 30th September, 1975.

	£
Reserves in Ordinary Share Capital	372,935
At 30th September	
1. Issued on acquisition of Alpino Restaurants Limited, Pirata Limited and The Piccadilly Piazza Limited (formerly S. J. Geteras Limited)	35,864
2. Issued on conversion of Loan Stock (note 11)	177,450
	<b>533,315</b>

On 12th October, 1973 the "A" Ordinary Shares were credited as fully paid to the members of The Tanum Property Company Limited (now Norfolk Capital Investments Limited) and Link House Investments (Essex) Limited (now Norfolk Capital Investments Limited) in exchange for the whole issued share capital of those companies.

**Share Premium Account**  
The increases arose from the acquisitions and loan conversion detailed in Note 11.

	1975	1974	1973	1972	1971
Reserves at commencement	888,957	759,558	640,296	460,767	335,153
Profit statement	38,471	129,389	119,262	179,529	125,614
Reserve in Capital Reserve (see below)	13,352	—	—	—	—
Reserves at year end	<b>940,780</b>	<b>888,957</b>	<b>759,558</b>	<b>640,296</b>	<b>460,767</b>

	1975	1974	1973	1972	1971
Profit statement	184,897	171,545	171,545	133,848	121,820
Annual Reserves	755,883	717,412	588,013	506,848	338,947
	<b>940,780</b>	<b>888,957</b>	<b>759,558</b>	<b>640,296</b>	<b>460,767</b>

	£
Reserve in Capital Reserve 1975	619,952
Surplus on revaluation of Fixed Assets	(140,600)
Goodwill written off on revaluation	(466,000)
Provision for taxation on revaluation surplus	<b>13,352</b>

**Capital Commitments**  
Future capital expenditure of the Group contracted but not provided for at 30th September, 1975 amounted to £200,000. Capital expenditure authorised by the Board but contracted at 30th September, 1975 amounted to £50,000.  
Based upon information available to Norfolk, the close company provisions of the Companies Act, 1947 (as amended) do not apply to the company.

**Accounting Policies**  
In addition to the policies mentioned above, the Group's accounting policies are:—  
Basis of Consolidation  
The consolidated accounts incorporate the individual audited accounts of Norfolk and of its subsidiaries all of which are made up to 30th September. The Associated Company's accounts incorporated are as stated in Note 4 above.

**Goodwill**  
At 30th September, 1975 this was the excess of cost of acquisition of subsidiary companies over the book value of their net tangible assets at the date of acquisition. In earlier years the amount paid for goodwill on acquisition of businesses carried on to certain hotels purchased by the Group was included in total goodwill but this has now been written off.

**Turnover**  
Inter Group transactions are eliminated.  
**Stock on hand**  
Stock consists of food, liquor and hotel furnishings and are valued at the lower of cost and net realisable value.  
**Provision for Renewals and Replacements**  
This is to be utilised to absorb abnormal fluctuations in expenditure on renewals.

**Fixed Assets**  
Interest on finance provided for major projects of construction and refurbishment is added to the cost of the asset concerned. Where tax relief on interest paid is obtained this is deducted from the amount capitalised.  
We further report that no audited accounts for Norfolk or any of its subsidiaries have been made up for any period since 30th September, 1975.

Yours faithfully,

FINNIE ROSS WILD &amp; CO.

## HOTELS AND OTHER PROPERTIES

The following is the text of a letter which Conrad Ritblat & Co., Consultant Valuers and Valuers, have written to the Company:—

**Directors**  
NORFOLK CAPITAL GROUP LIMITED  
1 Harrington Road  
London SW7 3ER  
1st December, 1975

### PROPERTY VALUATION

In accordance with your instructions we have carried out inspections of Freehold and Leasehold properties held by your Company as scheduled and having made the requisite enquiries and investigations we have completed our valuations in accordance with the following bases.

#### TELS AND ANCILLARY ACCOMMODATION

Hotels have been valued on an operational basis to include the property interest, goodwill, fixtures and fittings and utensils necessary to maintain the properties in their present use as a going concern. Where ancillary accommodation forms a physical part of an hotel or is held under the same lease and produces or is capable of producing an investment income it has been valued on a conventional investment basis and aggregated with the value of the hotel.

#### ANCILLARY PROPERTIES

Separate buildings occupied by your Company for staff or storage purposes have been valued as part of the relevant hotel operation. Where part is let to a third party it has been valued on a conventional investment basis and aggregated with the value of the hotel.

#### OTHER PROPERTIES

These have been valued on an open market basis as between willing vendor and purchaser.

#### DEVELOPMENT POTENTIAL

Development potential has only been reflected in the valuations where a planning permission has been obtained and has yet to be implemented.

#### Other Factors

1. We have assumed, based on information provided by your Company that all Consents, Licences and Permissions have been obtained and that there are no outstanding conditions or works required by lessors, local or other competent authorities.

2. We are advised by your Company that works to only four properties remain outstanding in connection with the obtaining of Fire Precaution certificates and allowance has been made in the relevant valuations to reflect a outstanding cost of these works.

3. Details as to tenure, lettings and covenants, based on Solicitors' reports have been supplied by your Company and our valuations reflect this information.

4. Official Searches have not been made but general enquiries reveal that none of the properties are currently affected by any Town Planning or Compulsory Purchase Schemes or Orders.

5. Structural Surveys were outside the scope of our instructions, but due regard was paid to the general state of repair and condition of each property arriving at the relevant valuation.

Name and/or Address	Description	Tenure	Leases, Underleases or Agreements
<b>HOTELS AND ANCILLARY PROPERTIES</b>			
The Arlington Hotel, London	First class hotel. Bedrooms: 80. Beds: 145	Leasehold with 134 years unexpired at a rental of £20,000 per annum with reviews in 1981 and every tenth year thereafter.	
6 Carlton Avenue, Hayes, Middlesex	Semi-detached house, two flats (one occupied by staff).	Freehold.	First floor flat let at £248 per annum exclusive.
18 Carlton Avenue, Hayes, Middlesex	Semi-detached house, occupied by manager.	Freehold.	
250 Station Road, Hayes, Middlesex	Semi-detached house, four staff flats.	Freehold.	
Flat 17, Dambury Court, Hayes, Middlesex	Furnished flat.	Leasehold. Weekly tenancy at £25.14 per week inclusive.	
The Eccleston Complex, The Eccleston Hotel, Gillingham Street, London, S.W.1.	Superior tourist hotel. Bedrooms: 120. Beds: 194	Leasehold with 126 years unexpired at a rental of £1,015 per annum without review.	
Eccleston Court, 47/61 Gillingham Street, and 1A Guildhouse Street, London, S.W.1.	Office building immediately adjoining hotel planned on basement, part ground and six upper floors. Currently undergoing modernisation to provide 14,677 sq. ft. net. Hairdressing salon in part of ground floor.		Salon under-let at £1,750 per annum.
80/81 Eccleston Square, London, S.W.1.	Two large terrace houses adjoining hotel.	Leasehold with 126 years unexpired at a rental of £163 per annum without review.	
	No. 80 offices and residential.		Under-let for full term of head lease at £160 per annum. Three flats under-let currently producing £4,910 per annum gross.
1 Guildhouse Street, London, S.W.1.	End of terrace cottage adjoining Eccleston Court providing four staff rooms.	Leasehold with 75 years unexpired at a rental of £20 per annum.	
2 Guildhouse Street, London, S.W.1.	Terrace cottage adjoining hotel providing four rooms.	Leasehold with 126 years unexpired at a rental of £65 per annum. Leasehold with 75 years unexpired at a rental of £19 per annum.	Under-let to statutory tenant at £2.50 per week inclusive.
4 Guildhouse Street, London, S.W.1.	Terrace cottage adjoining hotel providing four staff rooms.		
20/22 Belgrave Road, London, S.W.1.	Two adjoining terrace houses providing 15 rooms and three flats.	Leasehold with 75 years unexpired at a rental of £225 per annum on each house.	
14 Eccleston Square, London, S.W.1.	Large terrace house providing seven flats and seven rooms. Five flats and end rooms occupied by staff.	Leasehold with 5 years unexpired at a rental of £945 per annum with extension of lease for further term expiring 2008 at £1,150 per annum plus license rent of £20 per annum.	Two furnished flats under-let to produce £780 per annum inclusive.
18 Gillingham Street, London, S.W.1.	Four staff rooms planned on first and second floors.	Leasehold with 126 years unexpired at a rental of £1,000 per annum.	
7 Hugh Mews, London, S.W.1.	Staff mews flat and garage.	Leasehold with 8 years unexpired at a rental of 5p per annum.	
14 Hugh Mews, London, S.W.1.	Staff mews flat and garage.	Leasehold with 14 years unexpired at a rental of £1 per annum.	
15 Hugh Mews, London, S.W.1.	Staff mews flat and garage.	Leasehold with 126 years unexpired at a rental of £15 per annum.	
8 St. George's Drive, London, S.W.1.	End of terrace house providing 15 staff rooms.	Leasehold with 126 years unexpired at a rental of £150 per annum.	
The Eros Hotel, 65/73 Shaftesbury Avenue, London, W.1.	Tourist hotel. Bedrooms: 61. Beds: 116. Major part of ground floor and basement planned as shops.	Leasehold with 87 years unexpired at a rental of £20,000 with review in 1984 and every 21 years thereafter.	Whole of ground floor and basement except 87e (entrance and reception/lounge of hotel) under-let to Smart Weston Limited at £14,800 per annum until 2006 subject to review to open market rental in 1984 and every seven years thereafter.
The Lincoln Hotel, 117/125 Cromwell Road, London, S.W.7.	Tourist hotel. Bedrooms: 142. Beds: 230. Separate basement bar and restaurant.	Freehold.	Hotel let by way of an agreement to European Hotel Corporation (U.K.) Ltd. until 1985 at a rental of £40,000 per annum plus approximately £8,000 per annum, being a percentage of the cost of carrying out works specified in the agreement and subject to review in 1980 and every five years thereafter. Landlord's right to determine agreement for redevelopment after 1977. Basement bar and restaurant let until 1984 at a rental of £2,000 per annum with a rent review in 1977.
The Montague Hotel, 12/20 Montague Street, London, W.C.1.	Tourist hotel. Bedrooms: 126. Beds: 199	Leasehold with 16 years unexpired at a rental of £19,800 per annum subject to review in 1977 and 1984.	
The Norfolk Hotel, 2/10 Harrington Road, London, S.W.7.	Superior tourist hotel. Bedrooms: 74. Beds: 127. Incorporates Group head office.	Leasehold with 20 years unexpired at a rental of £3,200 per annum.	
Granmer House, 29 Brixton Road, Lambeth, S.W.9.	Basement warehouse used as Group store for London hotels.	Leasehold with 13 years unexpired at a rental of £1,200 per annum.	
The Ouseway Hotel, Princes Square, London, W.2.	Tourist hotel. Bedrooms: 134. Beds: 221. Ten mews flats and garages part occupied by staff.	Leasehold with 35 years unexpired at a rental of £2,300 per annum.	Six flats and garages under-let and producing £3,950 per annum.
21 Inverness Terrace, London, W.2.	Large terraced house providing 22 staff rooms.	Leasehold expiring in December 1975 at a rental of £265 per annum.	
The Royal Court Hotel, Sloane Square, London, S.W.1.	Superior tourist hotel. Bedrooms: 103. Beds: 166. Terrace house providing nine staff rooms.	Leasehold with five years unexpired at a rental of £5,875 per annum. Freehold.	
87 Pimlico Road, London, S.W.1.	Upper part providing seven staff rooms.	Leasehold with 11 years unexpired at a rental of £750 per annum with review in 1978.	
3 Sloane Terrace, London, S.W.1.	Terrace house providing 15 staff rooms.	Freehold.	
The Shaftesbury Hotel, Monmouth Street, London, W.C.2	Tourist hotel. Bedrooms: 193. Beds: 233	Freehold.	Part let at £170 per annum until March 2010 without review and leased back for full term at £1,750 per annum until 1996 rising to £1,900 per annum thereafter.
14, 15 and 18 Monmouth Street, London, W.C.2	Three small shops with additional 22 rooms adjoining hotel.	Freehold.	

Name and/or Address	Description	Tenure	Leases, Underleases or Agreements
1/1A Monmouth Street, London, W.C.2.	Shop and upper part providing eight staff rooms.	Lease expired, holding over at £850 per annum.	Ground floor and basement under-let at £700 per annum.
38 Monmouth Street, London, W.C.2.	Eight staff rooms above shop premises.	Lease expired, holding over at a rental of £650 per annum.	Ground floor and basement under-let at £234 per annum.
The Southway Hotel, Gillingham Street, London, S.W.1.	Tourist hotel. Bedrooms: 40. Beds: 60	Freehold.	
<b>PROVINCIAL PROPERTIES</b>			
11a Royal York Hotel, George Street, Bath, Somerset	Superior tourist hotel. Bedrooms: 56. Beds: 100	Freehold.	Basement wine vaults let at £1,250 per annum exclusive.
10 Belmont, Bath, Somerset	Former terrace house providing 2,500 sq. ft. of Group area offices.	Freehold.	
5/8 The Paragon, Bath, Somerset	Two terrace houses providing 20 rooms and three flats.	Leasehold with 4 years unexpired at a rental of £230 per annum.	
Bristol			
The Royal Hotel, College Green, Bristol	Superior tourist hotel. Bedrooms: 130. Beds: 200. Includes adjoining land.	Freehold.	
Chippenham			
The Angel, Market Place, Chippenham, Wiltshire	Tourist hotel/motel. Bedrooms: 49. Beds: 96	Leasehold with 25 years unexpired at a rental of £1,250 per annum.	
Exeter			
The Royal Clarence Hotel, Cathedral Yard, Exeter, Devon	First class hotel. Bedrooms: 64. Beds: 101. Two shops.	Freehold.	Shops No. 18 Cathedral Yard let at £800 per annum until 1977. No. 17 Cathedral Yard let at £700 per annum until 1977.
Gloucester			
The New County Hotel, Southgate Street, Gloucester	Superior tourist hotel. Bedrooms: 36. Beds: 54	Virtual freehold (999 years from 1967 at £1 per annum) except No. 42 Southgate Street which is leasehold until 2020 at £80 per annum.	
Stratford-upon-Avon			
The Red Horse Hotel, Bridge Street, Stratford-upon-Avon, Warwickshire	Tourist hotel. Bedrooms: 62. Beds: 98	Freehold.	
Warwick			
The Lord Leicestershire Hotel, Jury Street, Warwick	Tourist hotel. Bedrooms: 45. Beds: 71	Freehold.	
Weston-super-Mare			
The Royal Hotel, Royal Parade, Weston-super-Mare	Superior tourist hotel. Bedrooms: 39. Beds: 64	Leasehold with 26 years unexpired at a rental of £4,000 per annum.	Pert garden under-let on annual licence to Hasting Model Village Limited at a rental of £800 per annum.
<b>OTHER PROPERTIES</b>			
Billerica 56 70 High Street, Billerica, Essex	Modern parade of seven shops with 9,275 sq. ft. of offices over, planned on two floors. Car parking at rear. Multiple trading position in centre of High Street.	Freehold.	Shops Five units let to Sarcos Bakeries Ltd., E. R. Goodrich Ltd., Sesterer Restaurants Ltd., Duke and Reeve Ltd. and S. J. Barber on 21 year leases from December 1971 with rent reviews in 1978 and 1985. Two units let to Boots Ltd. on a 21 year lease at a current rental of £4,500 per annum with fixed reviews in 1977 and 1982 and with an open rent review in 1986. Shops currently producing £19,850 per annum. Offices Three suites let to Essex County Council, Barker Fresson Ltd. and Thomas Nelson (Insurance) Ltd. on 21 year leases from September or December 1971 with rent reviews in 1978 and 1985. One suite let to Association of International Accountants on a seven year lease from September 1971. Offices currently producing £13,584 per annum. TOTAL CURRENT INCOME £33,434 per annum.
Buckhurst Hill 27/29 Queens Road, Buckhurst Hill, Essex	Cleared site with 38 ft. frontage in shopping location with local authority car park at rear.	Freehold.	
Epping 129/141 High Street, Epping, Essex	Recent development of six shop units and 5,800 sq. ft. of offices above planned on first floor. Car parking at rear. Shopping location in High Street.	Freehold.	Shops 1 and 2, 3, 4, 5 and 6 let to A. A. Burr (Contractors) Ltd., S. M. Wicks, Victor Holidays Ltd. and Argus Electric Co. Ltd., respectively on 25 year leases from June 1974 with rent reviews at five year intervals. Shops currently produce £18,500 per annum. Offices Let to Gower Press Ltd. on 25 year lease with rent reviews at five year intervals. Offices currently produce £16,700 per annum. TOTAL CURRENT INCOME £35,200 per annum.
Epsom The Pickard Motor Hotel, Brighton Road, Burgh Heath, Surrey	Motor hotel and restaurant with conference facilities and 32 letting bedrooms.	Freehold.	Let to Happy Eater Ltd. (Michael Pickard Ltd. guarantee lease) for 99 years from 1974 at £28,000 per annum subject to review every five years.
London 29/32 Paradise Walk, Royal Hospital Road, Chelsea, S.W.3.	7,650 sq. ft. of offices with ancillary storage.	Leasehold with 18 years unexpired at a rental of £1,475 per annum.	Under-let for 18 years to Security Services Ltd. at a rental of £5,975 per annum.
Wickford The Parade, Southend Road, Wickford, Essex	Cleared site with planning permission for a sports complex and an office building providing approximately 75,000 sq. ft. net office space. Frontage of approximately 375 feet to Southend Road close to town centre and a few yards from railway station.	Freehold.	
<b>Summary</b>			
Freehold property	.. .. .	£	4,755,000
Long Leasehold property	.. .. .		2,855,000
Short leasehold property	.. .. .		1,380,000
Furniture, equipment and soft furnishings	.. .. .		620,000
			<b>£9,620,000</b>

Having carefully considered all the relevant information we have formed the opinion that the current value of your Company's property holdings as scheduled above is fairly represented by the aggregate sum of £9,620,000 (Nine Million Six Hundred and Twenty Thousand Pounds).

Yours faithfully,

CONRAD RITBLAT AND COMPANY,

Consultant Surveyors and Valuers.

The Group does not own any other property or hotels.



# NORFOLK CAPITAL GROUP LIMITED—continued

## 8. GENERAL INFORMATION

### (i) The Company and its subsidiaries

The Company has the following subsidiaries all of which were incorporated in England:—

Name	Date of Incorporation	Capital	Activity
Norfolk Capital Hotels Limited	6th October, 1927	£65,001	Hotel proprietors
Bristol & West Hotels Limited	6th March, 1964	£275,000	Hotel proprietors
Ledgergreen Limited	2nd July, 1959	£2	Hotel proprietors
Pirata Limited	30th May, 1962	£2,800	Property investment
Norfolk Hotel (Kansington) Limited	18th September, 1952	£28,512	Hotel proprietors
Norfolk Capital Property Holdings Limited	14th August, 1963	£200	Property investment
Norfolk Capital Properties Limited	2nd October, 1963	£2	Property investment
Norfolk Capital Securities Limited	1st July, 1962	£10,000	Share dealing
Norfolk Capital Developments Limited	5th May, 1960	£120	Property dealing
Norfolk Capital Estates Limited	12th September, 1969	£38	Property investment
Norfolk Capital Investments Limited	23rd October, 1963	£2	Non-trading
Norfolk Capital Finance Limited	16th October, 1964	£100	Non-trading
The Piccadilly Plaza Limited	18th January, 1965	£4,335	Non-trading
Norbrook Castle Hotel (Management) Limited	19th June, 1973	£2	Hotel operator
Alpino Restaurants Limited	10th March, 1959	£3,582	Non-trading
Alpino (Wigmore Street) Limited	20th June, 1966	£100	Non-trading
B. & S. Restaurants Limited	28th May, 1963	£100	Non-trading

All the above mentioned subsidiaries are wholly owned. In addition the Company owns 50 per cent. of the share capital of £2 of Norfolk Limited which was incorporated on 18th May, 1965 and operates as a restaurant.

### (ii) Articles of Association

The Articles of Association of the Company (as adopted on 21st September, 1973) include provisions to the following effect:—

(a) Subject to any special terms as to voting upon which any shares may be issued or held, and save as may be otherwise provided, every member personally present at a meeting entitled upon a show of hands to have one vote and upon a poll every member present in person or by proxy is entitled to have one vote for every 5p in nominal amount of shares in the Company of which he is the holder.

(b) Subject to the rights of persons, if any, entitled to shares with special dividend rights, the profits of the Company available for dividend and resolved to be distributed shall be applied in the payment of dividends to the members pro rata according to the amounts paid up on the shares in respect of which they are paid.

(c) Subject to the provisions of Section 72 of the Companies Act, 1948, if at any time the share capital of the Company is divided into different classes of shares, all or any of the rights or privileges attached to any such class of shares may be affected, modified, dealt with or abrogated in any manner with the sanction of an Extraordinary Resolution passed at a separate meeting of the members of that class.

(d) A Director shall not vote nor be counted in the quorum in respect of any contract in which he has a material interest arising otherwise than solely through an interest in shares, debentures or other securities of the Company or an interest of any kind in or arising through the Company. A Director may vote and be counted in the quorum in respect of any resolution concerning:—

(i) the giving of any security or indemnity to him or a third party in respect of obligations incurred by him on behalf of the Company or its subsidiaries or for which he has assumed responsibility;

(ii) proposals relating to offers or allotments of shares, debentures or other securities of the Company in which he is to be interested as underwriter or allottee;

(iii) proposals relating to other companies in which he is interested but is not beneficially interested in 1 per cent. or more of the issued equity shares of any class of such company;

(iv) proposals concerning approved superannuation funds or retirement benefits schemes under which he may benefit.

(e) Where proposals are under consideration concerning the appointment of two or more Directors to offices or employment with the Company, the proposals may be divided and considered in relation to each Director separately and in such cases each Director concerned shall be entitled to vote in respect of each resolution except that concerning his own appointment.

(f) The Directors shall restrict the borrowings of the Company and so far as practicable exercise all the Company's voting and other powers of control in relation to its subsidiaries as to secure that the aggregate of the amounts for the time being borrowed by the Group (including inter-group borrowings) shall not without the previous sanction of an Ordinary Resolution exceed an amount equal to twice the issued share capital and reserves.

(g) The expression "issued share capital and reserves" is defined as the aggregate of:—

(a) the amounts paid up and credited as paid up on the share capital of the Company; and

(b) the amount standing to the credit of the consolidated capital and revenue reserve accounts (including share premium account, profit and loss account and reserves for deferred taxation) all as shown in the latest published audited Balance Sheet of the Company and its subsidiaries but after:—

(i) making such adjustments as may be necessary to take account of any variation in the share capital of the Company and capital reserve accounts since the date of such balance sheet or which would result from the transaction contemplated at the time when the adjusted total of capital and reserves is being computed or from any transaction carried out contemporaneously therewith;

(ii) deducting any distribution by the Company out of the profits earned prior to the date of such balance sheet declared recommended or made since that date (and not allowed for in such balance sheet);

(iii) deducting any debit balance shown in the profit and loss account;

(iv) excluding any amount attributable to goodwill (other than goodwill arising only on consolidation); and

(v) making such other adjustments as the Auditors consider appropriate.

(h) The provisions of Section 185 of the Companies Act 1948 regarding the appointment and retirement of Directors over the age of 70 do not apply to the Company.

(i) Directors' Remuneration

Each of the Directors shall be entitled to remuneration at the rate of £300 per annum and the Chairman shall be entitled to an additional £200 per annum, or, in each case, at such other rate as the Company in General Meeting may from time to time determine, such remuneration to accrue from day to day. The Directors may appoint one or more of their body to be Managing Director or Managing Directors at such remuneration as they think fit and the Directors may also from time to time appoint any one or more of their body to be an Executive Director or Executive Directors on such terms as to remuneration and otherwise as they may think fit.

The Board may establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension, gratuity or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances, or emoluments to any persons who are or were at any time in the employment or service of the Company, including persons who are or were at any time Directors or officers of the Company.

(ii) Directors' Interests

The Directors, together with their families, and companies controlled by them have the following interests in the share capital of the Company:—

Ordinary Shares of 5p each

Beneficial Non-Beneficial

Maxwell Joseph .. .. . 3,522,440

David James .. .. . 802,000

J. D. McGuffie .. .. . 12,950

G. B. Baker .. .. . 10,000

The York House Hotel (Bath) Limited (wholly owned by Mr Maxwell Joseph) owns 1,061,398 Ordinary Shares (which are included in the above total attributable to Mr Maxwell Joseph). The Directors are not aware of any other shareholding comprising 10 per cent. or more of the issued share capital of the Company.

Mr David James has a service agreement with the Company expiring on 5th April, 1978, at a current annual remuneration of £13,785. No other director of Norfolk has a service agreement with the Company or any of its subsidiaries.

The emoluments of the directors in the year ended 30th September, 1975 amounted to £24,247. The estimated emoluments payable for the year ending 30th September, 1976, under the arrangements in force at the date of this document are £26,324.

(iv) Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company and its subsidiaries within the last two years and are, or may be, material:—

(a) Dated 30th April, 1974 between (1) the Company, (2) House of Corbett Limited, and (3) Chancery Restaurants Limited being the contract for the sale of the issued share capital of Alpino Restaurant (Leicester Square) Limited and the goodwill, property and contents of five restaurants together with two deeds of indemnity ancillary to the sale and relating to the payment of rent and taxation;

(b) Dated 8th August, 1974, between (1) the Company and (2) Barclays Bank Limited being the contract for the sale of the Parkway Hotel;

(c) Dated 16th December, 1974, between (1) Pirata Limited, (2) Happy Eater Limited and (3) Michael Pickard Limited (as surety) being the lease of the restaurant and motel at Burgh Heath;

(d) Dated 31st December, 1974, between (1) the Company, (2) Alpino Restaurants Limited and (3) Mr A. J. Pollard being an agreement relating to claims made in relation to Rockvale Alpino (Malta) Limited;

(e) Dated 24th July, 1975, between (1) the Company, (2) Ilkent Holdings and (3) Mr David Barclay and Mr Frederick Barclay, being two deeds varying terms of loans made to the Purchaser of the Prince of Wales Hotel and The Kensington Palace Hotel;

(f) Dated 18th March, 1976, between (1) the Group and (2) Williams & Glyn's Bank Limited being a Debenture to secure all moneys owing.

(v) Additional Information

(a) On 23rd March, 1974 the authorised share capital of the Company was £1,000,000 divided into Ordinary Shares of 5p each of which 11,724,786 had been issued fully paid or credited as fully paid and 1,415,384 "A" Ordinary Shares of 5p each were in issue and fully paid. Upon issue, the "A" Ordinary Shares did not carry the right to vote at general meetings or to receive any distributions.

(b) The "A" Ordinary Shares now rank pari passu in all respects with the Ordinary Shares of the Company save that they are not eligible to receive the dividend in respect of the year ended 30th September, 1975. Since 23rd March, 1974:

(i) no share or loan capital of the Company or any of its subsidiaries has been issued or is proposed to be issued fully or partly paid up for cash or a consideration other than cash and no such capital is under option or has been agreed conditionally or unconditionally to be put under option; and

(ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of the Company or any of its subsidiaries.

(c) No issue of share capital will be made which would effectively alter the control of the Company or nature of its business without the prior approval of the Company in General Meeting. The Company has given an undertaking to The Stock Exchange that no issue of capital as vendor consideration in excess of 25 per cent. of the issued share capital of the Company in the first six months and of 5 per cent. of such capital in the next six months following the grant of listing now being applied for will be made without the prior approval of shareholders in General Meeting.

(d) Since 23rd March, 1974 no Director has or, by or proposed to be acquired, disposed of, leased to, or by the Company or any of its subsidiaries is materially interested and which is significant in relation to the business of the Company or any of its subsidiaries.

(e) The expenses of and incidental to the application for re-listing are expected to amount to £55,000 and will be borne by the Company.

(f) Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of any material importance, nor are there any claims or proceedings of any material importance known to the Directors to be pending or threatened against such companies.

(g) Save as disclosed, the Directors are not aware of any material change in the financial position of the Company or any of its subsidiaries since the date of the last audited accounts.

(h) The Directors believe that at the date of this document, and on the basis of information now available, the Company will not be a "close company" as defined by the Income and Corporation Taxes Act 1970.

(i) Firms Ross Wild & Co. and Conrad Ribbitt & Co. have given and have not withdrawn their respective written consents to the inclusion herein of their names, reports and letters in the form and context in which they respectively appear.

(vi) Documents for Inspection

Copies of the following documents will be available for inspection at the offices of Ashurst, Morris, Crisp & Co., 17 Throgmorton Avenue, London EC2N 2DD, on any weekday (Saturdays and Public Holidays excepted), during usual business hours until 19th April, 1976:—

(i) the Memorandum and Articles of Association of the Company;

(ii) the Audited Accounts of the Company for the last two financial years;

(iii) the Accountants' Report and their Statement of Adjustments;

(iv) the Contracts referred to in paragraphs (iii) and (iv) above;

(v) the valuation referred to in paragraph (h) above;

(vi) the written consents referred to in paragraph (i) above.

Dated 23rd March, 1976.

## Import curbs plea by US wire makers

Washington, March 23.—The American International Trade Commission today began hearing a request by stainless steel wire producers for import quotas.

The wire makers were not covered by an earlier ITC import investigation which led last January to a tariff panel recommendation favouring import quotas on a wide range of stainless and alloy tool steel products.

President Ford decided last week to delay imposing import quotas until June 14. While American officials try to negotiate international "orderly marketing" agreements with Japan, the European Community, Sweden and possibly other nations.

A spokesman for the domestic steel makers said still another petition seeking import restrictions would be filed soon at the ITC by stainless steel pipe manufacturers.

American imports of stainless steel wire, used in many industrial applications, totalled about \$46m (about £24m) last year. The major suppliers abroad, as with the other specialty steel products, include Japan, Sweden, France and West Germany.—AP-Dow Jones.

## EEC fund to help raw material producers runs into problems

Brussels, March 23.—A scheme to aid raw materials producers, hailed as a milestone in cooperation with poorer countries, has run into unforeseen obstacles, EEC officials said today.

The biggest problem is that because key commodity prices fell last year, there may not be enough money available to meet the claims of all developing countries eligible for assistance.

For timber alone, one of the 12 products covered by the Community's "staber" fund, total possible claims far exceed the EEC's resources, officials pointed out.

Other difficulties are more specific. The government of Benin wants financial compensation from the EEC because neighbouring Nigeria has clamped down on cocoa smuggling into Benin.

Traditionally Benin has re-exported smuggled cocoa along with home grown.

In the land-locked Niger Republic, recent groundnut crops have been so disastrous and its exports so small that technically the country no longer qualifies for the scheme.

The first payout from the Staber fund, destined to stabilize the export earnings of developing countries linked to the EEC through the Lomé Trade

and Aid Convention, are scheduled for June.

While the Community is likely to bend the rules to meet a hardship case like Niger, Benin cannot expect any assistance for cocoa, the officials said.

The Nine billed the \$450m (about £238m) fund as the pride of the Lomé Convention, signed last year with 46 states in Africa, the Caribbean and Pacific. The Convention becomes fully operational on April 1.

The highly volatile state of world markets for primary commodities has been one of the most crippling handicaps to the economic advancement of producer countries—particularly those dependent on one or two items for the bulk of their export income.

Basic products covered by the Staber fund are: groundnuts, cocoa, cotton, coconut, hides, timber, tea, raw silk, palm products and koro ore.

To qualify for aid, a country must depend on one of the 12 items for at least 7.5 per cent of its earnings. This threshold is cut to 2.5 per cent for some of the poorest landlocked countries.

Already the first formal requests from Ethiopia and Fiji—have arrived in Brussels and several more other applications are known to be in the pipeline.

As the Staber fund lasts for

five years, it has \$90m available each year, although an extra \$20m can be drawn in advance from the following year's resources.

But the Community is facing the dilemma of paying only a fixed proportion of claims or going back to the EEC's decision-making Council of Ministers to get the rules limiting the annual payouts altered.

As well as Ethiopia (for cotton, leather and hides) and Fiji (cocoa oil), applications for compensation are expected from Niger (groundnuts), Benin (cotton, palm oil and koro ore), Sudan (leather and hides), Congo (timber), Burundi (coffee) (bananas).

Total exports of the 12 Staber products from the countries which signed the convention run at about \$2,000m a year, of which the biggest is timber, accounting for more than \$500m. This alone accounts for 42 per cent of the Congo's exports to the EEC.

Cabon with timber as 32 per cent of exports and the Ivory Coast with 29 per cent, are also entitled to compensation under the scheme. They have not applied so far, but if they do, assistance for shortfalls in timber earnings could virtually monopolize this year's payouts.

Cabon and the Ivory Coast are among the richer of the countries affected, and the Community would be highly embarrassed if they went off with the lion's share of the available cash, the officials said.—Reuter.

## Call for Arab unity in oil development

From Am Fyfe  
Abu Dhabi, March 23

The second Arab petrochemical conference closed in Abu Dhabi yesterday with resolutions to the Arab states to coordinate the development of their petrochemical industry and a speech by Mr Man-Ah Al-Otaiba, the UAE oil minister, urging Europe to export technology to the Arabs in return for Arab oil.

The conference has emphasized the Arab need to move from exporting crude oil to exploiting it as the feedstock for more advanced industries.

Resolutions at the end of the conference, which was attended by over 350 delegates, called upon the Arab states to coordinate efforts in developing their petrochemical sector.

The conference also called for a "united Arab effort" to take account of world developments, especially with reference to Third World. A union of petrochemical industries urged, along with the setting of joint industrial companies.

The significant point was principle that Arab resources of oil and gas must be put to the best use, a reference to the need for greater progress in downstream operations.

In his closing speech, Man-Ah Al-Otaiba said: "We are living in the age of large economic groupings; weak economic entities have place in them, and later petroleum could become permanent force for unification of the Arab world."

## Industrial films

### A choice of light-hearted or more serious messages

Of the hundreds of sponsored films that are produced yearly only a minority are truly industrial, describing an industrial function, selling an industrial product or providing industrial training. But the World Rowing Championships 1975, GRE were a principal sponsor of the championships, held for the first time in Britain at the purpose-built National Water Sports Centre at Nottingham.

At first sight one might see little industrial relevance in *The Curiosity that Kills the Cat* (25 minutes) from the National Anti-Vivisection Society. A painful picture, not in the familiar phrase, for the squeamish, but it is a sober, well made film, arguing the case for humane research in the industrial ambience of two excellent and quite different films from Shell.

*Hydramics* takes 14 minutes to explain, with beautifully clear animation, and live action, Pascal's Law and some of its innumerable practical applications—car jacks, earth moving, aircraft undercarriages.

Waiting on Weather (29 minutes) takes us out to the rigs again. They need servicing from shore: fresh water, fuel oil, food and spares. They need towing from site to site. And the weather—North Sea weather—is the uncontrollable factor. North Sea oil has become familiar but not so familiar is the work involved. Films like this, and BP's *Sea Area Forries*, deserve very wide distribution.

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# FINANCIAL NEWS AND MARKET REPORTS

## Stock markets

## Broker's suspension arrests rally

Initial mark-up by jobbers a few hours closing position opened on Monday were enough to send share prices sharply upwards yesterday and the close the FT index at 399.1, a net gain of 1.1 points.

With bargains below 100p, dealers were still among the thinnest of the market. Some had felt that at mid-morning and just lunch the tone was right for a genuine advance but the rainy created by news of suspension, which came just as the FT index was up 3.5p, put paid to bullish hopes for the rest of the day.

After the suspension of the coupon rate on the "yearling" issue was 104p per cent, the same as last week. Rises in "longs" ranged up to 1 point. Much of this was concentrated in the first hour of the session, although there was a further flurry of buying around the close and prices closed at the top.

With the help of small buying, most leaders ended the session several pence better. Close was the best, going ahead 7p to 367p. Bechem was 6p to the good at 356p, and Fisons 5p firmer to 360p. The new shares of the last named were the most active of the day and rallied 6p to 222p.

Though engineers were led ahead by Hawker Siddeley 6p to 412p there were a number of other features in the sector. After results, Turner & Newall put on 5p to 158p, while Tube Investments, due to report today, were a firm spot at 354p, up 4p. A 5p rise to 81p was scored by GKN Group but GKN proved to be a soft spot, giving a couple of points to 324p. Stone-Platt, another to report, closed 2 1/2p firmer, at 108 1/2p.

With their profits up to the most bullish forecasts, AP Cement jumped 6p to 190p and secured in the building sector. Others to take their cue were BFB 4p to 148p, Marley 4p to 105p and Redland 2p to 104p.

Electricals also commanded a fair amount of interest. Here the "A" of both Tinselt and Deca 24p advanced six points while that impressive company, Racal, jumped 8p to 244p. But BICC were depressed by a £20m rights issue and gave up a full 10p to 109p.

Reins helped by confirmation of a Dutch acquisition, rose 5p to 273p and Bowater 4p to 197p in papers, where United News-papers rose 5p to 280p.00 figures.

After the trauma of the previous day, Wearwell came back 3p to 18p. Northwest closed 2p to 42p after the Panel's blocking of a share sale and Weyburn Engineering soared

another 35p to 685p in anticipation of a share split next week.

Market trend apart, the clearing banks were heartened by the prospect of a return of charges for many customers. Both National Westminster 235p and Lloyds 220p firmed 8p. Midland rose 7p to 275p and Barclays proved to be the best with a gain of 10p to 288p.

Buyers are alighting on Peter Brotherhood, the machinery and power-plant maker. The six months to last September saw profits soar and the hope is that the group will report near the end of April that profits in the year to this month went up from £439,000 to more than £750,000. Orders and overseas business are thought to be good. The shares are now 89p, a 1975-76 peak.

Elsewhere in the financial sector, Gillett Brothers were five points better, at 200p, after a bullish forecast while Royal was an easy spot in insurances and gave up 2p to 315p.

Though rather below their best both BP 58 1/2p and Shell 40 1/2p responded to a favourable broker's circular and went up 8 1/2p and 4p respectively. Ultra-mar was another good stock with an advance of 8p to 163p. Gold shares dropped up to

25p on a lack of interest but this consolidated their recent strength with Ayer Hitam better by another 7p to 212p and Southern Malayan 5p to 147p.

Other firm stocks included chemical group, Hickson & Welch 6p to 350p, British Vita 2p to 95p and Lead Industries 6p to 140p. Results saw John I. Jacobs at a firm 25 1/2p in shipping, British Mohair 2p up to 27p and Ladbroke, ahead of today's report, 3p to 115p. Sale Tilney responded further to Monday's figures with a 5p rise to 90p.

If anything prices were a little firmer in after-hours trading. AP Cement gave up a couple of pence of its earlier gain, but doubled profits helped Weir Group to put on 2 1/2p to 93p.

The major oil companies went ahead by another penny or two, while short-dated gilts were firmer by about one-eighth on the fixed-interest side.

Equity turnover on March 22 was £42.22m (15,495 bargains). According to Exchange Telegraph, active stocks yesterday were Fisons new, ICI, Shell, Burnham, Trust House Forte, Tate & Lyle, Grand Metropolitan, Barclays Bank, EMI, Slater Walker, Commercial Union, Plessey, Marks & Spencer, GKN, GEC, British American Tobacco and De La Rue new.

Latest dividends

Company	Ord	Year	Pay	Year's	Prev
(and par values)	div	ago	total	total	year
A. R. Electronics (25p) lot	1.05	1.05	28/5	—	4.10
Assoc. Portland (10p) Fin	5.25	4.75	17/5	7.6	6.97
Brit Mohair (25p)	1.89	20/4	1.29	2.25	—
Brown Bros. (10p) Fin	0.4	0.3	1/6	0.5	0.5
Clark R. Fenn (25p)	1.22	1.26	—	2.22	2.04
Cous Gold	2.63	2.39	—	2.63	2.39
John I. Jacobs (20p) Fin	1.05	1.05	19/5	1.5	1.32
Stone Platt (Fin)	1.33	1.33	—	4.52	4.11
Tomatin Distillers (25p) Fin	1.53	1.53	30/4	2.44	2.18
Turner & Newall (10p) Fin	5.22	5.22	2/7	6.22	7.55
United Newspapers (10p) Fin	6.16	6.16	—	11.37	10.66
Watmoughs (25p) Fin	1.96	1.74	—	2.68	2.46
Weir Group (25p) Fin	2.9	2.45	—	4.3	3.85

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross, multiply the net dividend by 1.54. † Adjusted for scrip.

Company

Ord

Year

Pay

Year's

Prev

## Brighter second half helps Turner & Newall

Ashley Druker, chief executive of the February rights issue, Turner & Newall, which covers industrial field of asbestos, glass, insulation and vehicle components, sees brighter prospects in Britain. Demand for products is expected to rise this year.

or 1975 pre-tax profits were £1m against £2.48m, and rights forecast of at least £5m. Financing charges rose to £5.27m up £3.88m. Net profits before extraordinary items were £10.1m against £11.5m. This £1.4m item relates to exchange losses and so on. Turnover was £15.6p to £15.7p. The year's payment is £1.5p to £1.5p to £1.5p.

Among features in the year, the increase in the value direct exports by 17 per cent to £54.6m out of a total of £257.2m against £21.7m.

Trading profits of its United Kingdom and other European companies, in the past year were as forecast, lower than those earned in 1974. As forecasted at half time, performance in the second six months, when profits totalled £1.5m, was better than expected in the depressed opening months.

Its subsidiaries abroad did well with total profits only slightly lower than in the preceding year in spite of the prolonged strike at Bell Asbestos. Mines in Canada which ended in October. But for this stoppage, overseas profits would have been at least £2.5m higher.

Associated companies reported much better results. They rose from a low £2.8m to £7m. The two largest associates, Cassiar Asbestos Corporation and Central-Feed Products, accounted for the major part of the increase.

## Brown Bros in line with indications

Pre-tax profits 43 per cent higher at £1,665,000 are reported by Brown Brothers Corporation, the motor component distribution and engineering group, for 1975.

This result is closely in line with the profit forecast made in January. The second half-year performance reflects continued progress and a further strengthening of group finances.

Turnover at £51m was some 7 per cent higher or about 11 per cent up if motor tyre sales are excluded for 1974. Group trading profit was £2,324,000 compared with £2,208,000. Interest was much reduced at £553,000 against £1,042,000, thanks largely to better use of working capital.

After-tax profits were 35 per cent up at £804,000. There were no extraordinary items in 1975, against a £3,850,000 debit in 1974, leaving retained profits at £529,000 (£2,466,000 debit). Earnings a share work out at 1.76p (1.4p).

A final dividend of 0.61p gross (0.46p) a share is recommended, making 0.92p a share against 0.76p.

The group financial position at December 31 last was much better. Net current assets were £4,628,000 against £4,017,000. Debtors were reduced to £7,453,000 against £8,044,000 and the bank overdraft was more than halved at £1,884,000.

This has resulted in a dramatic improvement in the debt/equity ratio from 108 per cent to 59 per cent.

RICARDO ENGINEERS (1977)

Interim 7.5 pence per share (same) or 1.55 pence per share for six months to December 31 pre-tax profit £173,946 (£153,921). Chairman Mr. J. D. Pile says group profit to profit from hoped for recovery in business.

## Clark & Fenn's Swiss blow

The 1975 results of Clark & Fenn (Holdings), the maker of site and other building products, are spoilt by the losses of its newly-acquired subsidiary C. Gartemann.

Though the group pre-tax profit rose from £220,000 to £213,000, the loss of £13.2m, net profits after loss of £475,000 dropped to £147,000 to £182,000. But it is paying a total up from £3.72p gross.

Mr. Gartemann was appointed his own place of the local Swiss construction firm. Gartemann was found to be a Swiss construction firm and by a breakdown counting.

It not only sustained a trading loss of £475,000 for 1975 (and losses of £355,000 for earlier years) but the investigations also indicated "substantial" losses continuing into 1976. Thus the business has been sold for a nominal sum from January last.

To offset this, its "French" associate, Preppan, in which C. & F. holds 20 per cent, went well. At home, the UK side put in an excellent year, increasing profits by 28 per cent.

This year in Britain has also begun well. Order books are healthy and the group is generating a strong cash flow. All signs point to good results in 1976.

## Lowest Holst

## Price the obstacle to a bid

Monday the Takeover refused its consent for a deal which would have led the way for a general for the shares of Northwest, the Liverpool-based civil engineering and building group, he deal, announced at Northwest's annual general meeting December, involved a "conditional agreement" for sale by the Le Mare family, founded the group, of their holding to a consortium by Mr R. Slater and Mr J. Lilley.

Mr Slater and Mr Lilley, both executive directors of Northwest, now control 32 per cent of the group's equity. And the acquisition of the Le Mare family holdings, which would have given the consortium control of the group, would have opened a general bid for the trading shares.

Following news of the Panel's decision, Northwest's shares, which have recently been upped up on hopes of an early bid, eased 2p to 42p.

The current situation dates back to mid-1973 when Mr Slater and Mr Lilley along with National Equities and the direct Spanish Telegraph Company — both companies within the orbit of First National Finance Corporation — built up their stake in Northwest to 52 per cent.

At that time, Northwest appeared to be taking off from

its earlier profits plateau as expansion of the civil engineering business, moving into villa construction in Portugal began to be reflected in turnover and profits growth.

Although both Mr Slater and Mr Lilley have since been taken out of the Northwest board, there had been no news on the bid front until last December's announcement about the proposed agreement to buy the Le Mare family shares. And as his hopes faded over the past two years, so did Northwest's financial performance.

Late in 1974 Northwest was adding that economic conditions had given rise to "temporary liquidity problems".

Turnover in 1975 rose from £55.5m to £59.4m but the group had to write £3.8m from the bad of its housing and development land. It reported a pre-tax loss of £3.87m. The political situation in Portugal temporarily killed the villa business, and Northwest had to write down its £1m investment there to a nominal £1. Because of the pronounced borrowing limits, Northwest exceeded its authorised borrowing limits.

And the group ended the year with heavily qualified accounts, a boardroom reshuffle, no dividend, the urgent need to refund much of its £12.5m of debt, and a further increase in its borrowing powers.

Since his appointment in February last year Northwest's new chief executive, Mr E. A.

Brian, has been able to trim the borrowings back from £12.5m to just over £8m.

And he has been treading the well worn path of over-expanded property groups by reducing Northwest's development and housing interests, redirecting the group's main efforts back towards its traditional civil engineering operations. At the half way stage last September Northwest was back in the black by £438,000 pre-tax.

The recent strength of Northwest's shares relies as much on the continuing possibility of a bid as on the trading recovery. And the Panel's decision may mean a further extension of this three-year-old saga.

Although it is understood that Direct Spanish Telegraph has bowed out of the Slater/Lilley consortium since it was acquired by the Slater Walker Group last year, the consortium still holds 32 per cent of Northwest. Although Mr Slater is not yet able to comment on his plans for the share stake, the Slater/Lilley consortium for the rest of the shares.

The private agreement with the Le Mare family, and the Slater/Lilley consortium, it does, however, suggest that the main stumbling block now may be price.

John Brennan



# IMPERIAL GROUP LIMITED

## Annual General Meeting held in London-23rd March 1976



Mr. J. D. Pile—Chairman. Extracts from his address to shareholders.

### INFLATION

Inflation is, without question, the greatest enemy of our company and, indeed of the country. It erodes the value of earnings and the worth of savings while simultaneously forcing companies to find increasing sums for replacement of stocks and assets. When coupled with a rigid Price Code it makes it almost inevitable that companies will be forced to cut investment and eventually to slide downhill. Recognising the danger, your Board last year decided that priority must be given above all things to the conservation of cash—that is to say, the Company had to live within its cash flow. The fact that this was achieved despite runaway inflation is a tribute to the determination of men and women throughout the whole Group. Following a year in which short term borrowings had increased by £120 million we managed in the year under review actually to reduce them by £10 million.

This was in part due to higher earnings, which reached £107 million before tax, partly to fiscal reliefs, but even more to economies in working capital and to the pruning of investment plans whenever this could be done without serious damage to the Group. Further reductions of this kind to offset the effects of future inflation obviously cannot be on anything like the same scale. From now on we must be allowed to obtain our cash needs for current trading out of profits. This means, amongst other things, that the present Price Code must go. The finicky and time-wasting rules which compel all price increases to be related to allowable costs are expensive to operate for industry and government alike. Over the greater part of

manufacturing industry they no longer have any substantial effect on price increases beyond causing a short delay. Competition and consumer resistance are already preventing companies from claiming all the price increases they could justify. It may well be years before British industry can be restored once more to an adequate level of profitability and that is the best reason for starting now and removing those restraints which have distorted trading patterns and prevented investment in success.

It will be said that some form of price control is essential if a firm pay policy is to be pursued. This, of course, can be achieved by a much simpler mechanism without the tangled web of allowed and non-allowed costs. Companies should be permitted to earn the percentage on turnover that they achieved in a base period. This principle is already incorporated in the Price Code; it is described as the Reference Level. This level should be raised to permit the recovery of the cost of new investments; thereafter a further adjustment should be made for inflation by means of Current Cost Accounting. This would, as the economy becomes more buoyant, give progressively greater opportunities for enterprising companies without any excessive rises in prices.

It is true that there are still problems with Current Cost Accounting which require solutions. The price formula I am suggesting would encourage companies and the accounting profession to resolve them very quickly indeed. In this, as in other matters, we welcome a dialogue with Government. This has always been our policy and it has been fruitful.

### SMOKING AND HEALTH

I would like now to refer to another area where it was to be expected that agreement with Government would be hard to find, but where it was in large measure achieved. Lengthy discussions have taken place between Imperial Tobacco Ltd., other manufacturers, the Department of Industry, the Department of Health and Social Security and the Ministers concerned, with the object of reaching a voluntary agreement on the difficult subject of smoking and health. For many of us smoking provides considerable solace and, as the Minister has recognised, the realistic course is not to attempt a sudden radical reduction in the habit—even if such were thought desirable—but to apply ourselves systematically to the reduction of the hazards which the authorities believe to be involved. We have consistently sought to co-operate with governments on this issue. In the debate in the House last January the Minister paid tribute to the industry saying—and I quote:— "Many of my original suggestions made in July 1974 have now been agreed and it

would be churlish of me not to acknowledge this and thank the industry for its response." We are continuing our efforts to obtain clearance for the use of the new smoking material which we have developed jointly with I.C.I. and will continue the close consultation with the responsible authorities, recognising that it is only by co-operation that lasting progress can be made.

### PROSPECTS

Prediction is always difficult but doubly so when so many important factors outside our control can have a substantial effect on our performance. In a few days the Chancellor will be introducing his Budget; then as the year progresses we must expect new arrangements for pay restraint and, most important, freedom from the present straitjacket of price control. These are only three of the many events which will influence our results and my forecast must be subject to them.

Our earnings so far this year have held up well and this gives us some reason to hope that our results for 1976 will be at least as good as last year. I now believe however that the need for increased profitability in the private sector of industry is becoming widely recognised by Ministers; provided that they will develop a climate in which free enterprise can prosper I will go further and say that our earnings should then show an improvement over 1975.

### Consolidated Results in Brief

GROUP SALES	1975	1974
	2,353.74 £ million	1,678.94
SUMMARY OF RESULTS		
Group trading surplus before interest	136.87	101.00
Interest charges	44.68	20.55
Investment income	14.59	13.35
GROUP EARNINGS BEFORE TAXATION		
Group earnings before deferred taxation	106.80	73.50
Group earnings after deferred taxation	99.48	65.21
GROUP EARNINGS AFTER ALL TAXATION (excluding extraordinary items)		
	52.66	36.39
APPLIED AS FOLLOWS		
Revenue reserves	20.13	5.81
Ordinary dividends	32.53	30.48
	52.66	36.39
Earnings per share (excluding extraordinary items)		
	7.50	5.20
Dividend per share	4.608p	4.318p
Extraordinary items transferred to revenue reserves	57.56	3.20
SUMMARY OF BALANCE SHEETS		
Group operating capital	682.37	943.90
Investments	242.36	149.52
	1,224.73	1,093.42
Net assets at book value	708.28	602.89
Net assets at book value in pence per share:		
Trading	65.7	64.2
Investments	34.3	21.2
Total	100.0p	85.4p
* At 9th February, 1976 the total value of investments was £267.4 million equivalent to 37.6 pence per share.		











ACCOUNT DAYS: Dealings Began, Mar 22. Dealings End, Apr 2. § Contrango Day, Apr 5. Settlement Day, Apr 13

150



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back work dispatch  
secretary. Successful applicant  
must be energetic, efficient,  
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people able to communi-  
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and accurate typing, and  
are you looking for a  
secretary? Come to our  
agency. We are looking for  
people who are motivated,  
energetic, and have a good  
attitude. Salary £2,500+  
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### INTERVIEWER?

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secretary? Come to our  
agency. We are looking for  
people who are motivated,  
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attitude. Salary £2,500+  
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Operator in London.  
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to go to America. The  
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Secretaries

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secretarial agency. The  
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Business Travel

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Finance & Investment

### Contracts & Tenders

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Deadline for calculations and corrections is 10.30 a.m. on the day before publication. For Monday's issue, the deadline is 10.30 a.m. on Sunday. For Tuesday's issue, the deadline is 10.30 a.m. on Monday. For Wednesday's issue, the deadline is 10.30 a.m. on Tuesday. For Thursday's issue, the deadline is 10.30 a.m. on Wednesday. For Friday's issue, the deadline is 10.30 a.m. on Thursday. For Saturday's issue, the deadline is 10.30 a.m. on Friday. For Sunday's issue, the deadline is 10.30 a.m. on Saturday.

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BIRTHS

ANDREW—On March 22, at Queen Charlotte's Hospital, London, the wife of Mr. and Mrs. Andrew Jones, a son, James Andrew Jones, born 10.15 a.m., weight 7.5 lb., length 19 in., head 13 in. Apgar 1 9, Apgar 5 10. Father, Mr. Andrew Jones, 10, The Green, London N.W.1. Mother, Mrs. Jane Jones, 10, The Green, London N.W.1.

BRUCE JONES—On March 22, at Queen Charlotte's Hospital, London, the wife of Mr. and Mrs. Bruce Jones, a son, Bruce Jones, born 11.15 a.m., weight 7.5 lb., length 19 in., head 13 in. Apgar 1 9, Apgar 5 10. Father, Mr. Bruce Jones, 10, The Green, London N.W.1. Mother, Mrs. Jane Jones, 10, The Green, London N.W.1.

GLENNIE—On March 22, at Queen Charlotte's Hospital, London, the wife of Mr. and Mrs. Glennie Jones, a son, Glennie Jones, born 12.15 a.m., weight 7.5 lb., length 19 in., head 13 in. Apgar 1 9, Apgar 5 10. Father, Mr. Glennie Jones, 10, The Green, London N.W.1. Mother, Mrs. Jane Jones, 10, The Green, London N.W.1.

COWAN—On March 22, at Queen Charlotte's Hospital, London, the wife of Mr. and Mrs. Cowan, a son, Cowan, born 1.15 a.m., weight 7.5 lb., length 19 in., head 13 in. Apgar 1 9, Apgar 5 10. Father, Mr. Cowan, 10, The Green, London N.W.1. Mother, Mrs. Jane Jones, 10, The Green, London N.W.1.

DAVIES—On March 22, at Queen Charlotte's Hospital, London, the wife of Mr. and Mrs. Davies, a son, Davies, born 2.15 a.m., weight 7.5 lb., length 19 in., head 13 in. Apgar 1 9, Apgar 5 10. Father, Mr. Davies, 10, The Green, London N.W.1. Mother, Mrs. Jane Jones, 10, The Green, London N.W.1.

PERKINS—On March 22, at Queen Charlotte's Hospital, London, the wife of Mr. and Mrs. Perkins, a son, Perkins, born 3.15 a.m., weight 7.5 lb., length 19 in., head 13 in. Apgar 1 9, Apgar 5 10. Father, Mr. Perkins, 10, The Green, London N.W.1. Mother, Mrs. Jane Jones, 10, The Green, London N.W.1.

HINDS—On March 22, at Queen Charlotte's Hospital, London, the wife of Mr. and Mrs. Hinds, a son, Hinds, born 4.15 a.m., weight 7.5 lb., length 19 in., head 13 in. Apgar 1 9, Apgar 5 10. Father, Mr. Hinds, 10, The Green, London N.W.1. Mother, Mrs. Jane Jones, 10, The Green, London N.W.1.

COOPER—On March 22, at Queen Charlotte's Hospital, London, the wife of Mr. and Mrs. Cooper, a son, Cooper, born 5.15 a.m., weight 7.5 lb., length 19 in., head 13 in. Apgar 1 9, Apgar 5 10. Father, Mr. Cooper, 10, The Green, London N.W.1. Mother, Mrs. Jane Jones, 10, The Green, London N.W.1.

LAWSON—On March 22, at Queen Charlotte's Hospital, London, the wife of Mr. and Mrs. Lawson, a son, Lawson, born 6.15 a.m., weight 7.5 lb., length 19 in., head 13 in. Apgar 1 9, Apgar 5 10. Father, Mr. Lawson, 10, The Green, London N.W.1. Mother, Mrs. Jane Jones, 10, The Green, London N.W.1.

ROBERTS—On March 22, at Queen Charlotte's Hospital, London, the wife of Mr. and Mrs. Roberts, a son, Roberts, born 7.15 a.m., weight 7.5 lb., length 19 in., head 13 in. Apgar 1 9, Apgar 5 10. Father, Mr. Roberts, 10, The Green, London N.W.1. Mother, Mrs. Jane Jones, 10, The Green, London N.W.1.

SLATER—On March 22, at Queen Charlotte's Hospital, London, the wife of Mr. and Mrs. Slater, a son, Slater, born 8.15 a.m., weight 7.5 lb., length 19 in., head 13 in. Apgar 1 9, Apgar 5 10. Father, Mr. Slater, 10, The Green, London N.W.1. Mother, Mrs. Jane Jones, 10, The Green, London N.W.1.

SIMPSON—On March 22, at Queen Charlotte's Hospital, London, the wife of Mr. and Mrs. Simpson, a son, Simpson, born 9.15 a.m., weight 7.5 lb., length 19 in., head 13 in. Apgar 1 9, Apgar 5 10. Father, Mr. Simpson, 10, The Green, London N.W.1. Mother, Mrs. Jane Jones, 10, The Green, London N.W.1.

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MARRIAGES

MALLESSE—On March 22, at Queen Charlotte's Hospital, London, the wife of Mr. and Mrs. Mallesse, a son, Mallesse, born 1.15 a.m., weight 7.5 lb., length 19 in., head 13 in. Apgar 1 9, Apgar 5 10. Father, Mr. Mallesse, 10, The Green, London N.W.1. Mother, Mrs. Jane Jones, 10, The Green, London N.W.1.

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DEATHS

ALLEN—On March 22, at Queen Charlotte's Hospital, London, the wife of Mr. and Mrs. Allen, a son, Allen, born 1.15 a.m., weight 7.5 lb., length 19 in., head 13 in. Apgar 1 9, Apgar 5 10. Father, Mr. Allen, 10, The Green, London N.W.1. Mother, Mrs. Jane Jones, 10, The Green, London N.W.1.

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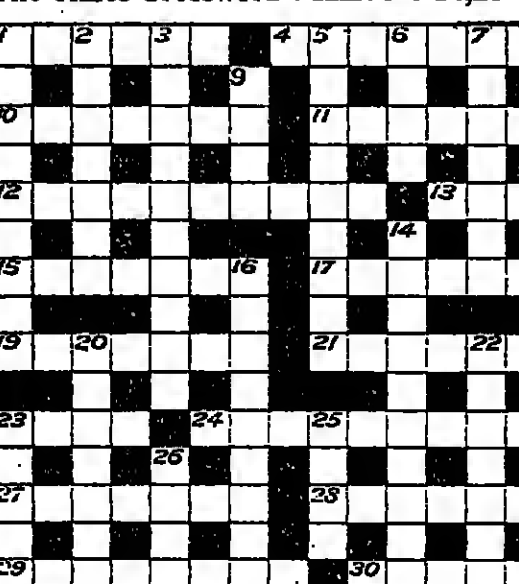
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The Times Crossword Puzzle No 14,259

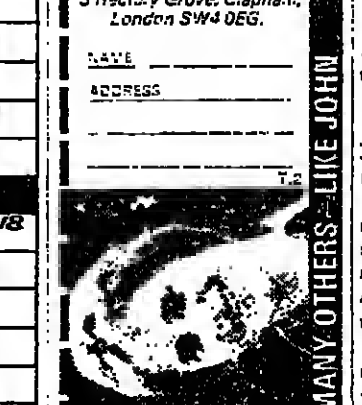


ACROSS  
1 Mow with a girl (1)  
2 A third party (1)  
3 Gets out of bed? Shows up, anyway (1)  
4 Combinations—quite long (1)  
5 Lush, but asked for back, when Julian was dropped (1)  
6 Dances with mechanical (1)  
7 Examples we hear in the (1)  
8 Warm, not small, do (1)  
9 Under (1)  
10 Celebrating in harmony (1)  
11 The end of the race may be (1)  
12 A (1)  
13 Must-maker in the (1)  
14 Comes across to it (1)  
15 Star parts to westerns (1)  
16 Conducts old masters (1)  
17 (1)  
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DOWN  
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# VENEZUELA

a Special Report

## Thinking again after the oil euphoria

by Lord Chalfont

Venezuela, as in most of the other oil-producing countries, the harsh realities of economic life are beginning to dispel some of the euphoria which attended the rapid inflation of oil prices for the Middle East war of 1973. The Venezuelans, like the Iranians, are beginning to think again about some of their more ambitious projects, to apply stricter priorities to public expenditure, and to review their programmes of foreign aid.

This is not to suggest that there is any danger of a slowdown in the economy, much less of a recession. It is simply that the oil revenues mean a careful economic planning. Venezuela has substantial foreign exchange reserves and a largely untapped borrowing capacity; it is a country poised to be a major player in the world when it comes.

Its leaders seem, generally speaking, to have done more than those in some of the other oil-producing countries in setting their economic priorities right, by developing domestic sources in petrochemicals, electricity and agriculture; by improving their railways; by other administrative improvements; and by beginning to train the reserves of manpower without which no industrial revolution can succeed. They have not succumbed to the temptation to spend large sums on military equipment or to engage in expensive capital projects designed only to baffle their national press.

The first two years of President Pérez's Government have consolidated one of the few genuine social democracies in the Third World—

open plural society, with a free press and an effective opposition, which carries the unmistakable imprint of its president, who has emerged as a spokesman for Opec and an acknowledged leader of the Third World.

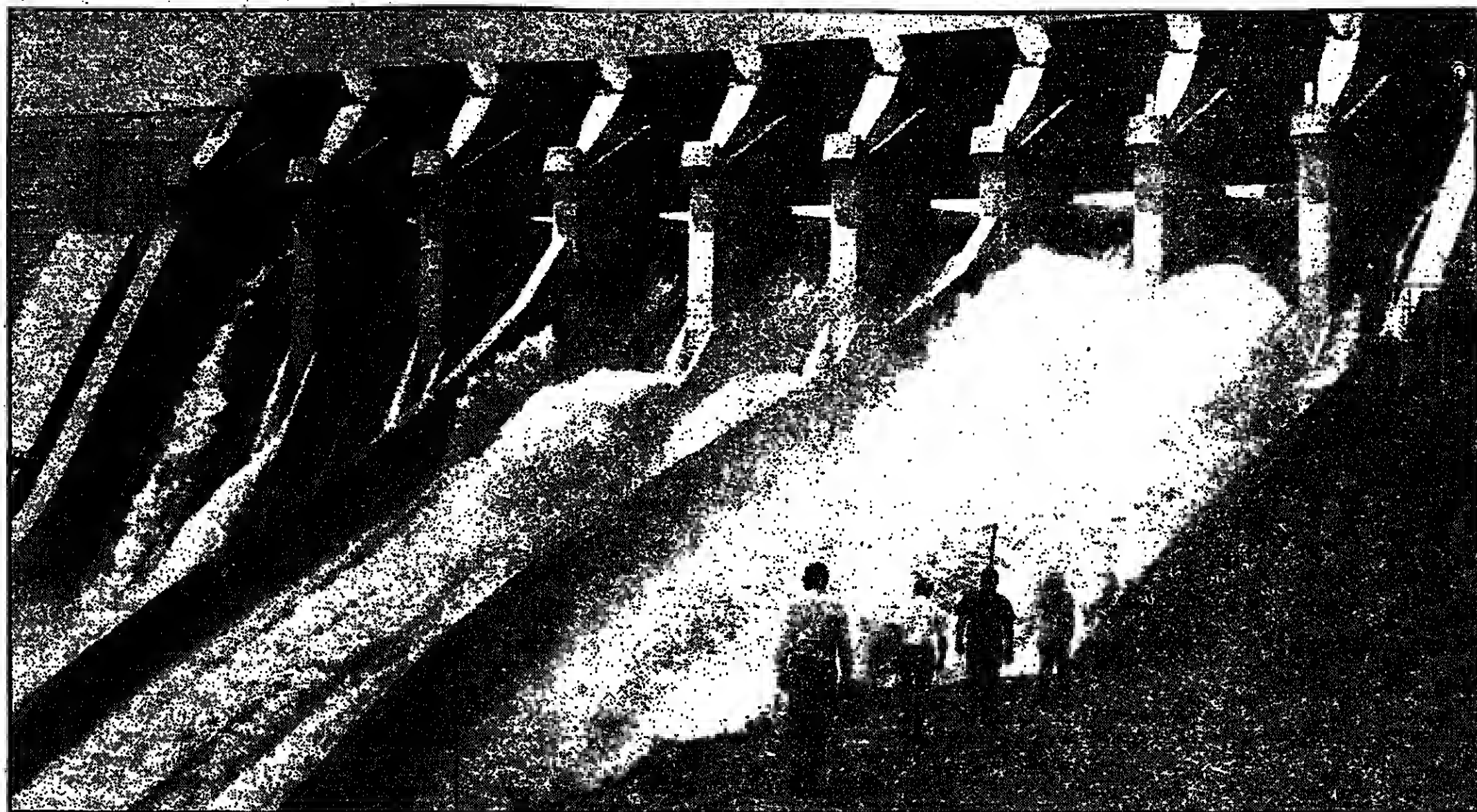
President Pérez has evolved a shrewd and imaginative foreign policy, in which he has succeeded to the essential Latin-American aim of keeping a prudent distance from the United States without toppling over into emotional yanquiphobia.

Using Opec as his power base, he has developed a close affinity with Western Europe, without alienating the communist world or offending the developing countries. Furthermore, he has succeeded in establishing good relations with his Latin American neighbours and has done much to promote regional integration in the area.

Although all this suggests a bright future for Venezuela, there are, inevitably, some problems to be faced. The manpower training programmes have not yet eliminated the chronic shortage of professionals and skilled technicians, and the President's programme for training students overseas is bedevilled by management problems.

Although, by comparison with the Middle East and Iran, the Venezuelan labour force is well trained, there is still some way to go before it can face the pressures and challenges of rapid industrial growth.

Some of the defects are already reflected in a cumbersome and often inefficient government machine, and a proliferation of state agencies. This has been the subject of open criticism from the private sector, directed especially at the standard of management in



Vital to industrial development, the Guri dam on the Caroni river has six turbines producing electricity. Another four turbines are to be added, the dam raised and a second dam built beside it.

the crucial petrochemical industry, and the Government has appointed Señor Carmelo Lauria, a private sector manager with a reputation for toughness, to sort things out. Any attempt to look into Venezuela's immediate future must take account of two major problems, both of which have important political, social and economic implications. Venezuelan society suffers from one of the inherent characteristics of a free and open political system—it is not egalitarian. Although steps are being taken to correct some of the more gross extremes of

poverty (Governor Arria of Caracas, for example, has done a great deal for the city's shanty-dwellers) there is still a powerful sense of grievance among many of the urban poor, and this may well be canalized into a strong bid from the parties of the left in the 1977 presidential elections. The strongest card in the government hand is the President himself, who remains popular and will undoubtedly seek to meet the challenge before it can threaten his stability. The second, and possibly more complicated problem for the coming year is the

nationalization of the oil industry. Under the leadership of General Ravard, this has begun with a series of fairly amicable takeover agreements, involving compensation and service agreements with the oil companies. This has led to some predictable criticisms; the right fears that the government intervention means managerial incompetence, while the left is worried that the terms of the service agreements will involve a sell-out to the dreaded multinational. Certainly the technical skill of the oil companies will be essential for several

years, if only to solve the marketing problems. In 1975 Venezuela produced 3,500,000 barrels a day; its present target is to sell two million barrels a day, but only 1,600,000 are being sold. This is, however, not as pressing a problem as it may seem. Venezuela, like Iran, needs to handle its limited reserves with care. Until the enormous potential of the Orinoco tar sands can be developed, there is less than 20 years' supply. In any case, again like Iran, the Venezuelan Government could make good most of its revenue deficiency by bor-

rowing in the international capital market. The industrialization and nationalization of oil, however, will remain as a major challenge to President Pérez's leadership and resolution. British policies towards Venezuela have suffered, like those towards the rest of Latin America, from years of neglect. Now that the sub-continent has been rediscovered, there has been a flurry of high-level visits. Pérez himself and Señor Arria were both in London last year and our own temporary experts have included Mr Anthony Cross-

land, Secretary of State for the Environment, and such distinctive practitioners of the diplomatic art as Princess Margaret, the First Sea Lord, Admiral Sir Edward Ashmore, and Mr Edward Rowlands. Parliamentary Under-Secretary of State, Foreign Affairs. There are more than 700 Venezuelans studying at British colleges and universities, and British exports to Venezuela are increasing. There is, however, still much that could be done—especially in the form of British participation in the pattern of the British Steel Corporation's projects

in Iran, in the massive steel and railways developments. In common with many other countries facing the problem of an industrial and social revolution, Venezuela has a considerable admiration for British financial skills and technical proficiency. There are likely to be considerable opportunities in consultancy and merchant banking as well as in the more general exports; and for once no one who seizes them can be accused of collaborating with a bloody dictatorship. The author is president of Conning House.

## Patrick Knight looks at an impatient leader with many plans for change

### Escape from tradition

President Carlos Andrés Pérez, or "Cap" as he is universally known, is determined to make the best use of the fortuitous circumstances which coincided with his election. The rise in the price of oil has given Venezuela the opportunity to diversify its economy, to escape from traditional ways and to play a much more active role in regional affairs. The President is very aware of the considerable scope. Venezuela's new position has given him to remould the affairs of the nation and influence those of Latin America.

He puts great emphasis on cooperation and economic integration in the region so that the voice of Latin America will be heard more loudly and its interests better defended. He is trying to make fundamental social changes in Venezuelan society, such as the creation of a large network of family planning clinics in an effort to reduce the high birth rate. He laments that his efforts to change the priorities of the education system have not yet been very fruitful.

Born on a farm in the Andean foothills in 1922, "Cap" is a man with the countryside close to his heart. He has made the rural life of long-neglected agriculture the first priority of his government.

President Pérez has been involved in politics since he was 16, when he became an activist in what was later to become the Acción Democrática party.

He was first elected to Parliament at the age of 22 in Táchira state and has experienced all the recent vicissitudes of politics in Venezuela at first hand, and the hard way. He was imprisoned twice under the dictatorship of Pérez Jiménez, and spent a total of 18 months in jail, and a long period of exile in Cuba and Costa Rica.

He was obviously considered dangerous and was lucky to survive an assassination attempt while working on a newspaper in Costa Rica. He was acting as private secretary to Rómulo Betancourt at the time, later the first Acción Democrática president of Venezuela and bulwark of modern Venezuelan democracy with whom he has had a close association for many years.

His victory in the 1973 election gave him enormous power and reflected his continuing popularity. He



President Pérez: seeking to make a mark on the international scene.

gained 49 per cent of the popular vote, 12 per cent more than his closest rival, to what was expected to be a close fight with the Copel (Christian Democrat) candidate. He is a tireless man, and his victory was partly the result of the energy which he expended in campaigning throughout the country and on long walks about. He is not a really deep thinker, but has an acute sense of timing, and of the opportunities of the moment. President Pérez will clearly do his utmost to ensure that Venezuela under his leadership leaves its mark on the international scene, particularly as regards regional policy. If the foundations for fundamental change are not laid during his period of power, it will be because of the fundamental inertia of the system, and not because of any lack of effort on his part. Venezuela has been rather split by the effects of easily earned money. The President has been hardly affected by power and

wealth, but the fact that through the special powers given him by Congress, he has left much of his Administration far behind is clearly a source of some irritation to him. He is an impatient man who expects others to perform at the same pace as himself. There is no doubt that some exchanges during the recent visit by Dr Kissinger were blunt. President Pérez is not a man who feels he should apologize for seeking a much better deal for the countries of the Third World from the industrialized countries of the West. He says that Venezuela must fight and push hard if the advantages of the moment are not to be frittered away. He hopes to visit Europe, including Britain, this year, but he wants his visit to be marked by important diplomatic or trade agreements, to have something concrete to show when he returns. It is likely, therefore, that some months will pass before the head of Latin America's major democracy is seen in London.

## EXPORT

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# Sobering international prospects bring new realism in politics and public thinking

by Patrick Knight

With reserves standing at about \$8,000m, the seventh highest in the world, income continuing to flow satisfactorily from oil, and the beginnings of a return from the big steel and aluminium plants in the Guayana region, it is perhaps somewhat surprising to relate that Venezuela is passing through something of a crisis of self-confidence. One observer compared it to the feelings of the hunter after he had shot a tiger—blind terror at what he had done. He was referring to the nationalization of oil, and to a less extent, iron ore.

Viewed objectively, little has changed so far as a result of these moves. Contracted sales of oil so far this year are down on what they were last year. This was partly because of the drop in world demand, partly because of the cautious purchasing tactics of the majors in negotiating their take-offs from Venezuela for the coming year, and ore exports were 20 per cent down last year on 1974. But it is almost certain that by the end of the first quarter, an offshore of about two million barrels a day

will have been negotiated by Petrocar, the newly created state holding company. In any case, President Pérez has frequently announced that he plans to cut back extraction to lengthen the life of the reserves, now in sight of exhaustion in about 25 years time. This period depends on rates of extraction, and on new reserves which may be discovered, and does not take the Orinoco heavy oil reserves into consideration.

Venezuela has little to worry about. The fact that concern is being expressed reflects the new hard-headed realism in many circles. Now that the nation is responsible for its two main currency earners, oil and iron ore, no one can be blamed if things go wrong.

The situation has been aggravated by the long delayed appearance of the fifth national plan. Still to be finally decided are exactly what rate of growth is desirable and how much foreign debt the country can safely incur to finance some of the main schemes. In view of the reduced rates of income from oil, what pace of innovation can be absorbed fairly safely by the still rather weak public administration and by the limited number of trained and experienced people is still in debate in this open democracy where strong

words and harsh criticisms flow fairly freely.

Venezuela is trying to avoid a situation, which has frequently occurred in the past, that the national plan is little more than a series of unrealistic hopes and desires. This is part of the new realism in politics and public thinking in Venezuela, brought about by the sobering international prospects and by the difficulties remaining to be solved. The main obstacles to real growth are the tremendous pressures caused by the continuing high birth rate, and the consequent difficulties in absorbing a sufficient number of the new Venezuelans into the economic process.

The Venezuelan Government is perhaps unique in being both a democracy and in deriving 85 per cent of its income from crude oil and petroleum products. Only 8 per cent of the population pays income tax, this means that the Government is substantially immune from pressures from the taxpayer. This gives President Pérez a great amount of power, but it also means that the typical Venezuelan feels little involved in the process of government. They are almost exclusively concerned about having more to spend on themselves, and in having or getting, a good job in a city.

Last year saw the conclusion of two trends which will have to be curbed sooner or later, the growth of imports, a large proportion of them luxury goods, from \$3,000m to \$6,500m, and soaring government expenditure. This rose from \$2,000m in 1974 to \$4,000m in 1975. A large part of the extra money in the public sector has been spent on the creation of new posts within the Administration. These two factors are creating severe pressures on the economy, although their impact has been shielded from the population so far by wage increases across the board and large food subsidies. Inflation was held down to below 10 per cent last year.

Gross national product rose by about 8.5 per cent in 1975 and, as a result of the increased money in the pockets of consumers and a squeeze on the prices of some essentials, sales of most consumer goods rose by more than 20 per cent. However, there has been little redistribution of income under the Pérez Administration. The new wealth has been spread around so that almost every group has had more to spend.

It is likely that a serious effort will be made to curb the growth rate in the near future, and to put more of a burden of supporting the

development plans on those who can afford to pay. President Pérez has said that some unpopular steps will have to be taken, and it is likely that purchase taxes will be raised on other than essentials and income tax also increased.

Unemployment remains as high as in almost any Latin American country with at least 6 per cent out of work, but something like 20 per cent underemployed. Unemployment figures mean little in a Latin American context. Only those in fixed employment, some 25 per cent of the total workforce, can rely on jobs. The rest are in the informal sector, and the number of businesses tends to decline. The result is only a small increase in the numbers of jobs.

Family planning is a priority of President Pérez, and in the past two years, 2,000 family planning clinics have been set up in the cities with proposals to move to the country districts in the next few years. The population increase implies that 120,000 new entrants arrive on the job market every year. Although the Government has ambitious plans for the creation of jobs in industries such as shipbuilding, light and medium engineering and farming, the tendency has been in Venezuela, as elsewhere for the average size of enterprises to grow larger, while the number of businesses tends to decline. The result is only a small increase in the numbers of jobs.

If perspectives for the new generations seem clouded, as might be the case in a few years' time, the election prospects of the two main parties might be more difficult than they seem now. With most of the population under 15 years old, each new election every five years brings an enormous new electorate to the polls for the first time. The parties of the last made little headway in the last election, but they are confident of making an increased impact in future as difficulties arise. The growth rate is about 3.4 per cent, one of the highest in the world.

Most Venezuelans have something to be grateful to him for, and he remains a popular figure. Banned from participating in the next election, he has little to worry about. It has been proposed recently that the presidential term should be lengthened from the present five years to six, even seven, and that a president should be able to stand for re-election. Even if these proposals come to something, and it is doubtful if the second will, they will not affect President Pérez. All he has to do is to ensure that his party is in a good position to contest and, he hopes, win the next election in 1980. As the man who has transformed both the iron and petroleum industries and who is making his mark on the Latin American and world scene, by his vigorous actions and statements, he should be in a position to bequeath a fairly healthy inheritance.

There has been a tendency for each administration to dismiss many of the senior men from the previous administration and replace them with supporters of the incoming party. However, Venezuela is passing through a pragmatic, almost non-ideological stage at present. Pérez is under considerable pressure to ensure that unemployment does not grow.

for the enormous increase in the bureaucracy, as the government service was augmented by large numbers of President Pérez's men. Perhaps this is a low price to pay for the beginning of administrative consistency, and it is certainly one way to absorb manpower.

So far, the really important areas of the Venezuelan economy, the oil business and the Guayana Corporation have managed to remain free of too much government interference, and the men at their heads are determined that this should remain the case. The Government must get to grips with the petrochemical industry, which for various reasons is not producing properly. It is perhaps a salutary reminder to Venezuelans of how badly things can go wrong if the wrong decisions are made by the wrong people. It is also vital for enough capital to be sunk into the oil industry to maintain output at present levels, and present barrel prices. If the oil companies had not left Venezuela at the turn of the year, they would have had to leave in 1983, all their installations reverting to state at that time without compensation. This has meant that there has been little new investment in recent years, and considerable sums will have to be

spent at all stages of exploration and production if Venezuela is not to get into difficulties in years to come. The Government has pledged to attract private investment, but the cost of the expense of the rear of the country. No more industrial or commercial building is to be allowed to take place in the capital. All new industries as well as those of a polluting or noisy type in the capital are to be located elsewhere. Tax incentives, loans of working capital and other capital have been provided to the Government with all services provided are some of the incentives to be given.

An indication of the success of these measures is that 70 per cent of foreign consumption is in areas of the country other than the capital. Until two years ago it was the opposite. Efforts are being made to improve the quality of life in the capital, notably by the construction of an underground railway. The first step has been the purchase of 1,500 new buses, 450 of them Leyland Nationals, now seen speeding round the streets and motorways of Caracas when not stuck in the endless traffic jams, which are such a feature of this disorderly city.

## More skills needed to achieve the economic miracle

by William Sabel

Venezuela is well placed to achieve an economic miracle based on industrial growth and diversification. It has abundant raw materials, established industrial services, a young eager population, democratic government and a prominent place in the Andean Group, the Latin American counterpart of the European Economic Community.

A limiting factor is the acute shortage of people with suitable skills. Fuller exploitation of Venezuela's vast natural endowment needs many more people trained in science and technology and capable of understanding how to achieve the industrial growth best suited to the country's needs.

Educationalists will play a major role in this development and Venezuelan universities and other institutions will see it as their long-term objective to provide teaching and research programmes designed to produce the scientists, technologists, managers, technicians, project planners and coordinators, marketers, economists and others needed to initiate technological projects for manufacturing industry and ensure they are installed properly and operated efficiently.

Until this level of self-sufficiency is achieved—and it will be a long process—Britain can play a major part in the supply of these educational and vocational services, a young eager population, democratic government and a prominent place in the Andean Group, the Latin American counterpart of the European Economic Community.

In every developing or developed country, industry and government must have people with this breadth of education, combining knowledge in one particular area, such as chemical technology, with a general understanding of the skills of other professionals such as accountants and economists. Only in this way can each individual effectively contribute his speciality as a member of a team and work towards the common goal of creating new, industrially-viable technological projects.

Britain's experience in higher technological education

is of great value to Venezuela, already committed by its massive and ambitious Ayacucho scholarships programme to a policy of promoting the flow of scientists, technologists and managers required for industrial growth. Notwithstanding the debate about fees to be charged for overseas students in Britain, this educational aid offers considerable advantages to all concerned and helps further to cement the long-standing friendship between Britain and Venezuela.

British help can take many forms: Venezuelan students can come on to established scientific, technological and management courses and research programmes in preparation for operational careers in industry and government in their own country; university teachers from Venezuela can also attend these courses and learn how to plan and operate them, suitably modified if necessary, to meet the particular needs of their own institutions. Cases will arise where educational provision in British universities and polytechnics is not suitable, but staff who understand the situation in Venezuela can prepare custom-built programmes to be followed in

Britain or, if necessary, the teachers can be seconded to institutions in Venezuela.

Another important British contribution concerns the numerous technical projects being supported in Venezuela. British exporters of these projects and equipment realize that, to ensure satisfactory installation and operation, provision must be made from the beginning for two-way local operatives at all levels. British educational institutions can prepare suitable training programmes, working closely with suppliers of technical projects and then offer them in Britain or help to establish similar courses in Venezuela. Retraining and updating of skills will also be required and this will become a continuing and increasing need of Venezuela to maintain the benefit of its investment in technological education.

Another need is to prepare Venezuelan graduates to such subjects as economics, law and accountancy to apply their professional skills in manufacturing industry by topping up their original training with a background understanding of the related science and technology and the organization and management of industrial companies.

British institutions and individuals are already helping the Venezuelan authorities in various ways sometimes in an advisory role, for example, the educational implications of oilfield technology development or the choice of appropriate institutions and programmes for students supported by Ayacucho Scholarships, sometimes by accepting students for specific courses or preparing special schemes, but much more could be done.

The very diversity of tasks and opportunities suggests the need now for greater coordination of efforts already being made, for example, numerous people from British institutions and companies visit Venezuela in connection with technological education project development and there may be a need for some kind of coordinating office, possibly based in Caracas, to advise and bring together individuals or groups with common interests and avoid duplication of effort.

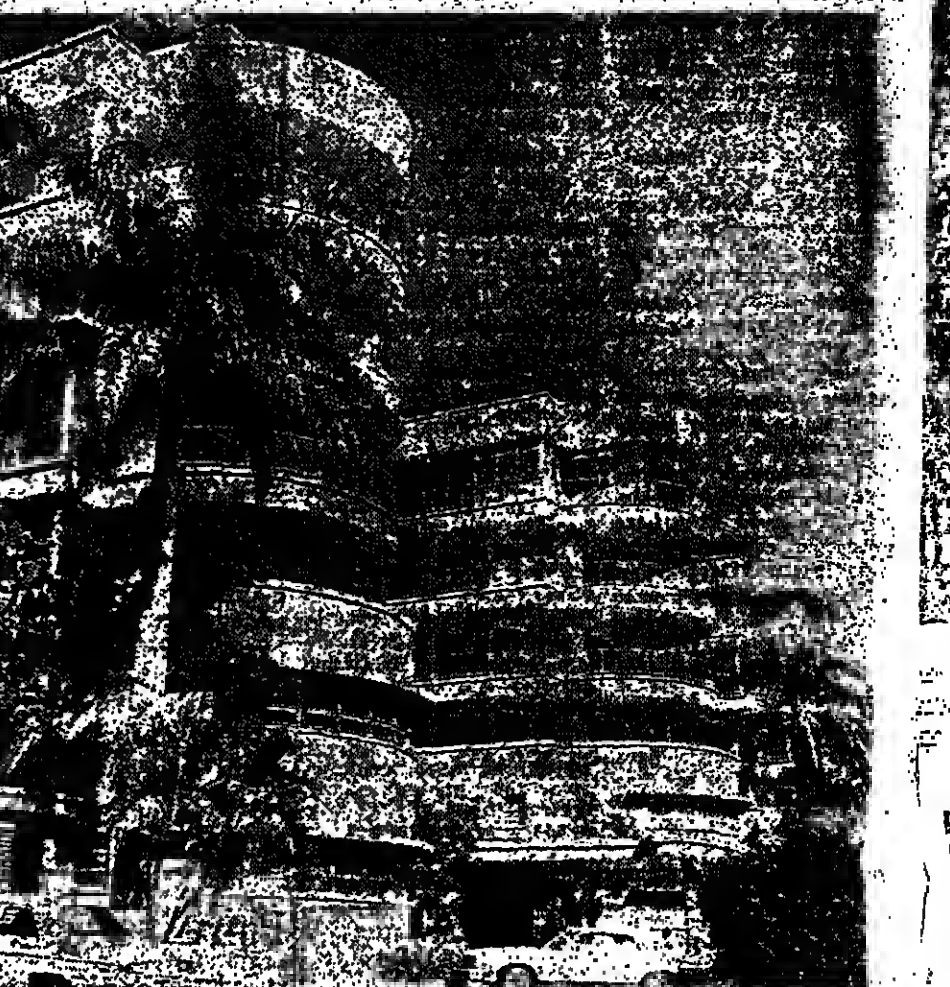
On a broader issue, technology development in Venezuela is accompanied by similar activities in other countries in Latin America, all of which could be of great importance to British

interests for many years to come. Effective participation requires an understanding of the technology and the Latin American environment, cultural, social, economic and material.

Britain already has some six centres for Latin American studies, but none specializes in technological development in the continent and the best use of selecting and transferring known technology from outside sources. This understanding is needed by the organizations proposing to provide technological projects and by the governments and groups in the recipient countries.

It now seems timely to create in Britain a centre for Latin American technology studies, not merely as an academic activity but to produce and use expert knowledge in technological development. Discussions on this in Britain and Latin America, notably Venezuela, have clearly shown that the need for such a centre is widely recognized. The modest financial resources required to establish it would be one of Britain's best investments.

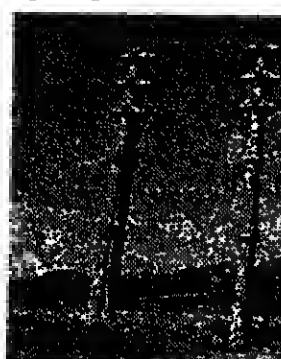
The author is principal lecturer at the Oxford Polytechnic.



University Teaching Hospital, Caracas.

## CADAFE gives extra impetus to the National Electrification Plan

This year CADAFE will be giving extra impetus to the National Electrification Plan. Using its own resources and contributions from the Government of the Republic, it will invest around 4,702 million bolivars to transform the socio-economic structure of the rural and remote areas of Venezuela, and in guarantee a reliable service for the country whose industry and population are expanding at an extremely



fast rate, and where the consumption of electrical energy is increasing at 13 per cent, compared with the world average of 7 per cent.

The investment will be used on infrastructure planned for the electrical sector by the Democratic Government. 90 per cent of the Venezuelan people should be using this infrastructure by the end of this constitutional period, and thousands of rural communities which at present are living in darkness will have electric light. The objectives for 1976 include the installation of new plants which will increase the energy output by about 430 million kilowatt-hours and increase CADAFE's production, on a national scale, to 3,667 million kilowatt-hours. This will make it possible to extend the electric service to a further 100,000 consumers—reaching an estimated total of 6 million

inhabitants—mainly from the rural and underdeveloped sectors, and to meet the demand for energy from the new development areas planned by the Democratic Government in various parts of the country.

Three thousand three hundred and ninety-nine kilometres of 115,000 and 230,000 volt transmission lines, 1,633 kilometres of 34,500 volt sub-transmission lines and 5,000 kilometres of

power, which will be developed in the next few years as alternatives to hydrocarbon fuels in order to meet the demand for electrical energy in the 80s.

A major project is the Central Thermoelectric Station, the construction of which has already been negotiated. The first stage—300,000 kilowatts installed capacity—will be commissioned in 1978. It was designed in order to increase the electrical power supply to the Central Region of the country, and in successive stages it will achieve an installed capacity of two million kilowatts, at a cost of three thousand million bolivars. An extensive transmission system has been planned for this station. Other transmission systems have been planned for this constitutional period in order to extend the National Interconnected System. This work will cover more than 2,000 kilometres and will create a ring of electric power from Guyana to El

put forward by CADAFE, which will use the vast water resources of Venezuela—the hydroelectric potential of which is conservatively estimated at some 20 million kilowatts—as an aid to the integral development of the country.

The new plans for making use of these resources include the Urbem-Caparu Hydroelectric Complex in the State of Táchira. This project is already under way. The station will have a final installed capacity of 1,660,000 kilowatts, the first stage of 700,000 kilowatts being planned for 1981. The cost of this project has been estimated at 600 million bolivars.

The Rio Cana project will be financed by hydroelectric function, be used extensively for irrigation, navigation and industrial and domestic purposes. This year, 15,200,000 bolivars are to be spent on the feasibility study for the project.

The Western Turbo-Stream System will supply



Tablazo in the State of Zulia, and will bring in to the system isolated areas such as Coro, which will remain linked to the Central Station transmission complex, Maracaibo and Margarita Island. We should also like to mention the ambitious hydroelectric projects being

the industrial complex of El Tablazo in the State of Zulia, particularly for the expansion programmes provided there by the Venezuelan Institute of Petrochemistry. This year CADAFE will begin making investments relating to the first stage of extending the thermoelectric station and

its transmission system. Initial outlay is estimated at 34,900,000 bolivars, and at the end of the first stage the installed thermal capacity will be 200,000 kilowatts. The second Turbomarine project, which is being planned in conjunction with MOP, consists of a hydroelectric station at the foot of the dam on the Boconó river.

It will form part of the Western Electrical system by 1980, when an installed capacity of 30,000 kilowatts and an average annual output of 342 million kilowatt-hours. It will cost 80 million bolivars.

By the end of 1977, the problem of electricity for Margarita Island will finally be solved, by means of an undersea cable which will incorporate the island into the National Electrical Network. This will use the electrical output from Guari and all the stations in the Eastern System. The cost of this work, together with its transmission system, will amount to 110 million bolivars and will ensure a permanent supply of electric power to Margarita Island and Coche.

To complete the aforementioned ring of electric power, CADAFE is planning the inclusion of Maracaibo in the National Interconnected System by means of a 37 kilometre long, 230,000 volt overhead line crossing the Puerto Sobe de Lago (Bridge over the Lake) and other works.

All these projects will mean that all areas of the country, from Guyana to the Western Region will be supplied with electricity. The service supplied by the national network will be more reliable and formerly isolated areas, such as Margarita Island, Maracaibo and Coro, will be included in the network as from 1977, and will have the energy necessary for their development.



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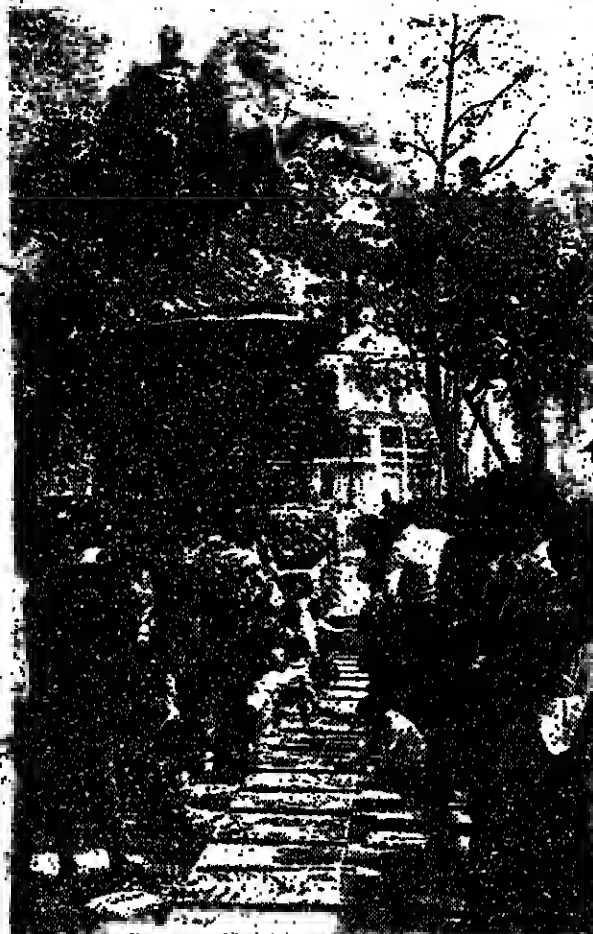
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Scenes in Caracas: children painting beneath a statue of Simon Bolivar; right, architecture of a slower age; top, a British bus shares the road with American motor exports.

## When five years may not be enough

by John Cornwell

It is customary for governments to set five-year terms only because they feel that to go to the polls at the end of every five years is in office. Although President Pérez has been at the helm for more than a year, there is no indication his much publicized five-year plan is nearing completion.

Over the past year guidelines have been issued, individual schemes have been ordered, but there will be more weeks of discussion before even a tentative proposal is put before Congress, let alone a fully-fledged plan.

It is fair, never before the country commanded wealth with which to fund its schemes. The government has proliferated, and even Cordillera—the government office for long-term planning—finds itself just a number of entities the orchestration of which has been the Venezuelan's over the past year.

But simply we are for total development, said Dr Samuel Gómez, head of the National Planning Department at the hub of Cordillera.

At that point onwards, of reference, all of still at the discussion become vague, and the of the future extend 20 and 30 years. There is talk of multi-dimensional planning, aiming at precise integration of international economic, fiscal, human, managerial, spatial, social and regional factors.

It is talk of creating an equilibrium between resources, manpower and technology. If paradise can be built with petrodollars, the nations are going to put it. The immediate aim, however, is not so much creating paradise but starting the realisation of day-to-day Venezuela.

lag, hinterlands of the interior. To 1961 37 per cent of the population lived in the Caracas conurbation, by 1971 at the last census 40 per cent of the population were collected there, and it is known that the pattern continues. With 272 inhabitants to the square kilometre, population density in the Capital Region is 22 times the medium density of the rest of the country.

The region also swallows up 43 per cent of the public housing expenditure, employs 65.3 per cent of the total workforce in all manufacturing industries and 80 per cent of the total workforce in certain key industries outside oil, such as shoes, furniture and tyres.

It employs 75 per cent of the nation's workforce in service industries, possesses 65 per cent of their production value, and 74 per cent of their capital value. Against this the planners ponder the severe imbalance of their dependence on oil. While 93 per cent of foreign earnings come from oil exports, only about 2 per cent of the nation's three million workforce are involved in the industry. Meanwhile, the most recent government figures on unemployment (March 12, 1975), quote 550,000 totally unemployed, and 500,000 only partially employed. Without wishing to put too precise a figure on it, Cordillera claims that loss of productive capacity in unemployment and sub-employment in the country is equal to 14 per cent of Venezuela's oil production.

In the general guidelines for future planning submitted to all government departments priority has been given to agriculture, light and medium industries (especially foodstuffs and textiles) and petrochemicals. Further development in the Capital Region will be prohibited, or at least heavily penalized, and there are plans to open up the underdeveloped regions by generous subsidies and expropriation of taxes on a sliding scale to favour agriculture and the least developed areas.

Most favoured regions are Zulia, site of the Maracaibo oil wells, and the northern part of the Andes Region, the North-east Region, and the northern part of Guayana Region. Plans are also forming to combine the Central Region, with a slice of the South Region north of the Orinoco river and the Colombian border. This area is said to be ideal for agricultural development, particularly cotton, and San Fernando will become the new regional centre. To facilitate communications railway connections are envisaged from the port of Guayana in the North-east

Region down to San Félix on the Orinoco close to the site of the Guayana iron reserves and the promising tar sands of the Orinoco basin. Another rail link is planned, moving east to west across the country from Cumanacoa in the North-east Region, to Barinas and San Carlos in the Central Region and then down to San Cristóbal. It is also hoped to use the Orinoco as a waterway as far inland as the Central Region, and to penetrate north on the tributaries.

Some of the most ambitious industrial plans, actually envisaged in five-year terms, are also concerned with communications. The government Commission for the Development of Aeronautical Industries has declared that Venezuela's state aircraft company will supply the domestic market with 36 single-engine aircraft and 12 two-engine aircraft by 1979. At the outset the engines and flying instruments will be imported, but the frames will be manufactured entirely in Venezuela. The aircraft will be designed primarily to meet agricultural needs, such as crop spraying, but it is hoped that small aircraft will also be developed for tourism and executives.

The commission intends to establish a family of maintenance enterprises to work on Venezuelan Air Force planes, and government and privately owned aircraft. In the next five years Venezuela hopes to build a basis for an aircraft industry proper—consonant with the policy of eventual independence on foreign parts and technology. Equally ambitious is the scheme to build up a Venezuelan tanker fleet. With the close cooperation of CVP, Venezuela's nationalized oil company, the Venezuelan naval industry aims at building its own shipyards to provide carriers of up to 80,000 tons for iron, steel and oil. In the meantime, the state oil company is going ahead with a five-year tanker plan providing for one tanker to be built in Venezuela, another to be built abroad, and two more to be acquired abroad.

The declared thinking behind government policy in the shipbuilding race is to reduce dependence on foreign multinationals. Yet external relations are not entirely negative in forward planning. Perhaps the most significant recent development on Venezuela's international front has been her increasing interest in the Caribbean and Central America—one of the highlights of which was establishing friendly relations with Cuba last December.

Forward planning involves a wide variety of Caribbean projects, a recent example of which is Venezuela's deals with Jamaica in bauxite and aluminium.

Venezuela will import significant quantities of aluminium and bauxite from Jamaica over the next 10 years and will in turn assist Jamaica with her oil import difficulties and the building of a joint aluminium smelting plant. At the same time, Venezuela's Andean Pact partners now provide a developing "home market" of some 70 million—creating an enormous stimulus to industrial and agricultural growth.

Yet the main difficulty of the domestic deconcentration and diversification policy inherent in the albeit tentative five-year plans are clearly how to provide sufficient stimulus to encourage workers away from the dazzling attractions of Caracas and out into the interior.

An interesting feature of the past 10 years has been the influx of agricultural workers into the Capital Region, who are prepared to accept unemployment and partial employment in the shanty towns rather than stay on the land. Recent government figures show that 35 per cent of workers in urban areas earn less than £30 a month, indicating that it is more than money that attracts and keeps them there. Cordillera's policy of relocation is an important feature of all future planning, but the question is whether any amount of subsidies or tax concessions will entice workers from the comfortable climate of Caracas with its bright lights and hamburger culture, to the rigorous conditions of the outback.

A second difficulty is how to acquire the necessary technological training as a prelude to industrial expansion. Priority is to be given to a scheme known as Gran Mareschal de Ayacucho, providing 50,000 scholarships over five years in science and technology.

The big question hanging over the scheme is whether it will make sufficient impact to time to coincide with the five-year plans. Within the five years students will be expected to proceed through undergraduate courses to the successful completion of doctorates and be back in the field as useful fully trained technocrats.

In fact, in the offices of Cordillera today one gets the impression that the dreams and the schemes tend more towards the year 2000 and beyond than 1979-80, and that no neat set of plans—under the magic figure of five—will ever again suit the planning requirements of their complex and ambitious future.

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## High priority for industry under five-year plan

by Patrick Knight

Investments totalling some £20,000m are to be made in the next five years as part of the fifth national plan. Some 35 per cent of the total will be sought on the internal credit market and by increasing taxes and of course, much will come from oil revenue. It is expected that the country will go into deficit in 1978 by about £1,000m a year. This should not be too worrying considering the continuing high income from oil—estimated to be about £4,000m during the period—and income from the various investments of the Venezuelan Investment Fund.

Foreign borrowing, however, is a contentious issue in Venezuela. Total debt might rise to a maximum of £7,000m during the period, though £4,000m is the more likely figure. Much of this money will be devoted to industry and manufacture, and growth for the industrial sector is planned at about 15 per cent a year.

Because of the income from oil Venezuela has enjoyed for so long, it was a latecomer on the scene of large-scale industrial development and import substitution. The process only really started in the 1960s. Even now only about 250,000 people are employed in industry. Expansion plans for the motor industry and consumer durables should mean a growth in job opportunities for about 55,000 people.

Because of the very high birthrate of 3.4 per cent, some 120,000 new job aspirants come on to the market every year. Most of them have no skills and many are hardly literate. A major emphasis in the national plan is to be placed on industries which will create a large demand for labour. Two such are shipbuilding and agro-industry, while the motor industry is to be expanded so that 85 per cent of components are made in Venezuela, rather than the 35 per cent as at present. Major efforts are to be made to decentralize industry from Caracas; also to prevent the cities of the

central coastal region, including La Guaira, La Victoria and Valencia, from growing larger than at present. Incentives are to be given to companies prepared to relocate. So far some 60 firms in the polluting or noise-making category have agreed to leave Caracas under the incentive schemes.

A high-cost producer in relation to its neighbours in the Andean Pact, Venezuela is having to proceed with some caution in its industrial plans. When Andean Pact regulations come fully into operation, the country will become much more vulnerable to imports from its five pact members, which are invariably lower-cost producers. This is encouraging the Government to concentrate in high capital cost projects, such as those in the steel, aluminium and petrochemical sectors and agro-industry. The country has a considerable relative advantage in these because of the availability of natural resources and energy. This policy, however, will make the absorption of labour more difficult.

Venezuela aims to become a major shipbuilding and ship-repairing nation within the region. Because of its geographical position and because it is now master of its own oil and iron ore production, this is quite logical. At present the great majority of these products is carried in foreign bottoms, costing Venezuela substantial sums in freight charges. There are major ship repair yards on the Dutch island of Curaçao, which attract considerable business, but there is still scope for more, as trade in the area grows. Venezuela's ship repair programme would almost certainly be sited on the Paraguaná peninsula. This overlooks the Gulf of Panama and Venezuela and is convenient for the vast amounts of shipping using Lake Maracaibo.

Exactly what shipbuilding capacity will be established has yet to be decided. Several of the coastal cities are vying for a yard, and political factors will play a part in the final choice. At



Ships being loaded at Ciudad Guayana with iron ore of which there are reserves of 2,000 million tons in the region.

one time it was suggested there might be three yards, but it seems to have been accepted that only one major yard can be built. This will probably be at Puerto Cabello, where there are already some facilities. It is expected that shipbuilding and ship-repairing will eventually provide a total of some 30,000 new jobs, plus an expected 100,000 indirect jobs. The industry should absorb a substantial proportion of the steel produced in the Guayana region and later in Zulia.

Venezuela plans to increase its fleet to some 56 vessels by 1985, to comprise 22 oil-carrying vessels, 11 mineral carriers, 15 general cargo ships, four grain carriers and four bulk carriers. This will enable 55 per cent of crude, refined products and minerals to be carried in Venezuelan bottoms. The size of the new ships will be limited to 60,000 to 80,000 tons, as Venezuela, in common with its major customer for iron ore and petroleum products, the east coast of the United States, is limited by draught considerations on what size vessels can use its ports.

The newly-established Compania Venezolana de Navegación plans to acquire some 20 vessels in the near future. As with almost every technical skill, Venezuela is still very short of men with expert knowledge of shipbuilding. It is likely that when it has been decided what facilities are needed, a consortium involving one or more foreign firms will be

established. To the usual pragmatic Venezuelan way, there is general recognition that the country is in a good position to employ foreign technology and capital in schemes of this kind, without causing too much political antagonism. The shortage of local resources has to be faced. Although not all are happy with the prospect, at most levels it is recognized that an immigration programme will be necessary if targets are to be met. Immigration would come mainly from Spain and Portugal, possibly also from Argentina.

Much of Venezuelan planning is influenced by Andean Pact regulations, aimed at making the six countries of the zone interdependent and complementary in industrial production. The market size of the six, now approaching 75 million, will enable economies of scale to be achieved. Planned moves towards removing internal tariffs and simultaneously raising external tariffs have come to an abrupt halt, however. All changes have been postponed for 18 months, while the somewhat vexatious programme of the motor industry has also been delayed.

This does not bode well for the future of the pact, and though Venezuela itself is confident about the future, it may well force a change of tactics on members if momentum falters. In a strictly economic sense, Venezuela is probably the country least likely to benefit from the pro-

grammes of the six, because of its high production costs. This was why its entry to the pact was delayed until 1973. Politically, Venezuela is keen for the pact to succeed and is prepared to make sacrifices to achieve this. These efforts have not been reciprocated by all member nations, particularly Chile. During the present inflation, low prices and low demand for most of the raw materials on which the economies of the region depend, moves towards integration which involve a short-term growth in unemployment are difficult for members to contemplate.

Planning of the motor vehicle programme is of strategic importance for Venezuela. At present the country produces 45 per cent of the vehicles made within the zone, but the criteria upon which the eventual allocation of vehicles will be decided have yet to be finally agreed and it is doubtful whether this proportion will be retained. Production within Venezuela is costly. In common with those for all consumer goods, prices for cars are high, because of the limited market size and because very high profits are made. There are 16 motor vehicle assemblers in the country and they made some 140,000 vehicles last year, by far their best year yet. However, it has been decided that the industry should be totally reorganized so as to be able to compete within the rest of the pact countries.

Eventually only seven firms should be operating in Venezuela, most of them making the larger size of vehicles common to the country. Under Andean Pact regulations it has been agreed that by 1980 Venezuela should have the greatest share of the market for vehicles above 2,000cc. At least 85 per cent of the value of the vehicles must then be made in Venezuela. This will include the engine and transmission, but the output of steel and aluminium should ensure that this target is easily met. It remains to be seen, however, at what cost a full range of vehicles with 85 per cent Venezuelan-made components can be manufactured, in view of the small output runs.

The new policy could result in unit prices rising rather than falling. It is hoped that this expansion in component production will involve major investment in the industry and the creation of thousands of new jobs. It is not certain, however, which manufacturers will be prepared to invest the large sums required to push up local component production.

It is also planned that a tractor and diesel engine factory should be sited in Ciudad Bolívar, with an eventual output of 4,000 tractors and 10,000 diesel engines for various uses. Agricultural machinery and manufacture of smudge facilities are also likely to be major growth areas.

Venezuela's three major ports, La Guaira—which serves Caracas—Puerto Cabello, and Maracaibo, are to be improved during the next few years. Eight new docks are to be built at La Guaira, as well as grain storage and other facilities to cost at least £50m. At present the port is frequently choked by the influx of goods, but that flow-through is likely to grow as the major industrial work gets under way. Tonnage will rise from the present 1,800,000 mts to 4,400,000 mts by 1980. La Guaira is also a major tourist port so that, particularly at this time of year, as many as four or five cruise ships at a time can also increase congestion.

The increase in basic wages and a decree forcing private industry to increase its manpower by 5 per cent for those firms employing more than 10 people has pushed up demand for consumer goods. Textiles, footwear and domestic appliances producers all reported growth rates of more than 20 per cent last year, and demand remains buoyant. Only 25 per cent of components of most electrical goods are made in Venezuela now, although most goods are now assembled there. Again, the percentage of parts for such things as refrigerators, television sets, radios, mixers and air conditioners is planned to rise to 85 per cent or so during the next few years, with the attendant danger of increasing unit prices.

Inflation was cut to below 10 per cent last year, compared with 14 per cent in 1974. A newer difficulty is the growth in absenteeism, probably because of the general prosperity and the fact that Venezuelans do not like to work too hard. This is a major problem in the fast-expanding steel and aluminium industries, where recently recruited and trained staff frequently soon tire of the heavy and monotonous work. A high turnover in staff is also becoming a problem.

## Big effort to increase metal production

With proved reserves of 2,000 million tons of high-grade iron ore in the region of Ciudad Guayana, including the famous Cerro Bolívar, a mountain of 58 per cent ore content, it is not surprising that Venezuela should be making a major effort to increase its steel production. At present more is being spent on imports of steel products than is earned from sales of iron ore.

The state-owned Sidor plant at Ciudad Guayana at 1974, but this was cut to 17 million tons last year, a reduction of 22 per cent and, although the price per ton rose by almost 20 per cent, total receipts were down.

Other major mineral expansion plans involve the production of alumina and aluminium at Ciudad Guayana. At present 54,000 tons of alumina are produced at a plant owned partly by the CVG (Venezuelan Corporation of Guayana) and partly by the Reynolds Company of the United States. Expansion will increase total production to 450,000 tons by 1980, and ground clearance work is already in progress. At the moment the alumina required is imported from other countries of the region and the United States, but later stages will involve the production of alumina at Ciudad Guayana, making full use of the large quantities of cheap electricity available within the area.

It is planned that the bauxite required for the manufacture of the alumina should come from the Caribbean countries, Surinam and Guyana. Although Venezuela itself has reserves of low quality bauxite in the area, 400,000 tons of bauxite from Jamaica are to be processed by 1980. About four-fifths of bauxite are processed to produce a ton of alumina in the two-stage process.

This stage-two plant is to be built with 80 per cent Venezuelan and 20 per cent Japanese capital. A market for some of the produce is guaranteed within Japan, and the rest of the surplus will go to the Andean Pact countries. The 20 per cent of current production not absorbed within Venezuela goes to these five countries at present. Perhaps surprisingly, in view of Venezuela's predominance as an oil producer, the state-controlled petrochemical sector is not performing satisfactorily.

Fact—between which there are to be increasingly favourable tax concessions for member countries and continuing rising tariffs against outside producers—the export steel from Venezuela will be placed fairly easily. That the cost of steel is rising much faster than the value of iron ore is a major factor in decision-making. Venezuela aims to increase value added wherever possible. Twenty-three million tons of ore were sold in 1974, but this was cut to 17 million tons last year, a reduction of 22 per cent and, although the price per ton rose by almost 20 per cent, total receipts were down.

One of the major petrochemical concerns within Venezuela, the Cisneros Group, recently made a bid to become involved in the production of petrochemicals, but there was a considerable outcry at this suggestion and it has been shelved. It is now more likely that the industry—still more or less intact from pre-nationalization—will gradually be absorbed by the existing oil producers. In this industry it is felt Venezuela has been a victim of 'open-official' salesmen, and a recognition of 'indecent' levels of trained manpower availability makes it more important to operate existing plants more efficiently rather than establish new programmes.

Andean Pact agreements give Venezuela a large share of the regional production of petrochemical production. The whole concept of the Andean Pact, however, is passing through a critical stage. Work in lowering tariffs and raising external tariffs has been shelved for 18 months, as have the somewhat vexatious programmes concerning the allocation of the motor industry. It is by no means certain that the integration movement will regain its impetus as the changes which should have been introduced on January 1 have proved unacceptable. There are high hopes for the pact from oil plant being built at Puerto Cabello and using British Petroleum technology. Owned 60 per cent by the Venezuelan Government, 20 per cent by private Venezuelan capital and 20 per cent by BP, this stage-two plant, which will be the biggest so far built involving BP technology, will produce 100,000 mts of naphtha feed by 1978. This type of financial and technological arrangement is seen by many as the ideal model for many expansion projects.

### First British exhibition

The first British Industrial Exhibition is to be held in Caracas from March 15-24, 1977. Sponsored by the British Overseas Trade Board in conjunction with the Economic Affairs Committee of Canning House, it is being organized by Industrial and Trade Fairs International. The exhibition will cover a wide range of capital goods needed under Venezuela's present development plan. These include machinery for agriculture, construction, steel and aluminium, petrochemicals, shipbuilding, textiles and the power industry.

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Patrick Knight examines how great natural wealth and astute planning are ensuring prosperity in two important regions

## Coal gives basis for big steel expansion

Surrounding Lake Maracaibo, site of the first oil well in Venezuela where 80 per cent of Venezuela's oil is still produced, is the fertile and dynamic area of Zulia. This is a region which besides its oil riches is also responsible for 20 per cent of the nation's agricultural production, and 11 per cent of its industry. With the new regional development plans now emerging, the area will have a bright future.

At the centre of Zulia is Maracaibo, second city of Venezuela, with a population of 700,000. The state as a whole is 73 per cent urban, despite its high agricultural productivity, and in this respect is typical of today's Venezuela, where almost 80 per cent of the 12 million inhabitants live in cities.

With its economy soundly based on oil—although only higher quality coal from 20,000 people work in the

industry—Zulia is beginning to look to the future. The area will, by the mid-1980s, be the country's second largest steel producer. Influenced by the large reserves of coal, it has been decided to establish a steel plant capable of producing five million tons a year. It is estimated that this project will cost at least £2,000m and, with its associated industries, will create about 70,000 new jobs.

Iron ore will be shipped to Zulia from the huge reserves in the Guayana region and, at the third and last state of Venezuela's current steel expansion plans, coal from Zulia will be shipped back to Guayana in the same vessels. It has not yet been established whether the Zulia coal will be suitable for coke manufacture. It may be that it will have to be mixed with higher quality coal from elsewhere. This is being

looked at by experts from the National Coal Board, one of many examples of how British consultants are working in Venezuela. Apart from coal and steel, Zulia is, and intends to remain, one of the major agricultural zones of the country. At present, 50 per cent of Venezuela's dairy products come from the area, which is also a major chicken and egg producer. Other products are sugar, and various types of fruit, notably pineapple and banana. The principal fruit processing industries are already concentrated in Zulia and sugar refining and fruit canning and processing plants will be enlarged in future as part of the general policy of expanding value added locally.

Zulia will benefit considerably from the decentralization plans of the Government. Investors in the state will be able to take advantage of tax incentives, loans at interest rates of 3 per cent for capital expenditure and working capital, rate exemption schemes and substantially.

## Early success helped to create state within a state

As an example of integrated regional development, that of the Venezuelan Corporation of Guayana, the CVG must be difficult to equal anywhere in the world. First set up in 1960 to study the resources of the vast zone and to promote public and private development of the region, CVG is now responsible for some 35 per cent of the non-petroleum production of the country. It is involved in making electricity, the extraction and processing of iron ore (now that the foreign concessions have been nationalized) and in the production of steel, aluminium, paper and cement, among a range of other things.

Guayana benefits from almost every resource. There is the energy of the river Caroni, which has a fall of 240 metres in the last 210km of its course. There are an estimated 2,000 million tons of iron ore in the massive mountains in the region, containing 58 per cent ore, plus even greater reserves containing 40 per cent ore. The mighty river Orinoco is navigable by ships of up to 80,000 tons to Puerto Ordaz. Other inputs for the steel industry, such as dolomite and limestone, are available as well as reserves of minerals such as bauxite.

Agricultural potential is being developed to such an extent that not only can all local present and future demands be met, but there will be a substantial surplus of many products for sale in other parts of the country. There are many compensations, however, in the region, with the excellent fishing and hunting, the torments and tributaries of the Caroni river to break the monotony.

Guayana is almost a state within a state and its population has grown from a mere 5,000 or so 15 years ago to 200,000 now. Partly because from the start it has been successful in achieving its targets and in administering the services of the region, it has been able to develop without too much interference from outside. It has set up most of



Ciudad Guayana, an amalgam of several smaller towns.

its own services, including education and health.

Ciudad Guayana, an amalgam of several smaller towns, lies 700km to the south-east of Caracas. It was made a number of imaginative moves such as the planting of Caribbean pine trees. This is an ecological venture which will also provide useful raw material for the steel industry and for paper making. So far, 37 million trees have been planted in previously use-less sandy soil on the banks of the Orinoco over an area of 40,000 hectares. Eventually, some 160 million trees will be planted, and it is likely that their short fibre wood will make them suitable for newsprint manufacture. This is a heavy import item at present. CVG will be responsible for the paper-making plant when it is set up, probably in the early 1980s, when the first trees reach full maturity.

Besides the steel and aluminium industries, one of the most impressive features of the zone is the iron ore transport and loading facilities. Every few hours trains of 120 bogie wagons arrive at Puerto Ordaz, after having travelled 140km head

will be built. The famous ore mountain. Each truck is tipped upside down by a machine capable of dealing with 60 trucks an hour, and the ore is either passed ungraded directly to massive stockpiles, or else sent to be graded and milled.

There is an increasing demand for processed mineral: in this case, the ore passes through a series of massive separators before being piled up in its turn. When required, it is loaded by a massive moving gantry on to waiting ships which have taken about 12 hours to wind their way up the Orinoco from the open sea. The whole loading process is geared to operate at 6,000 tons an hour, so ships do not have long to wait before heading downstream again. The channel has to be constantly dredged, in particular over the silt bar to the open sea.

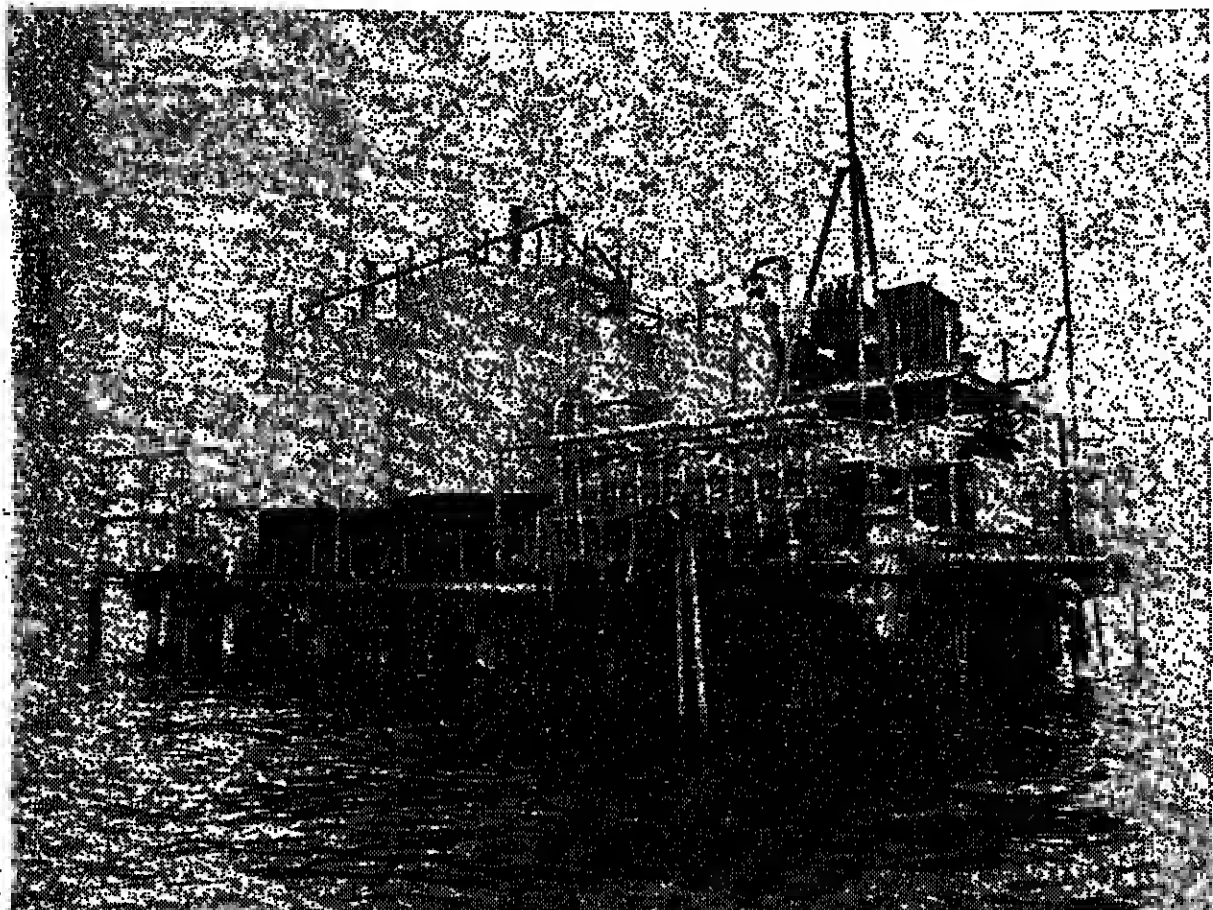
Ore is transported by belt to the briquette plant near by, which processes ore into a concentrate of 85 per cent iron content. At present, ore used in the Sidor plant is transported the few miles by barge, trucks, but as expansion continues a railway will be built. The

whole area will soon be connected to the national network, construction of which is to start soon. One major local feature will be the 370-metre railway bridge across the river Orinoco, which will be one of the longest unsupported spans in the world. Two major British bridge-builders are bidding for its construction.

Agricultural development has been another major part of the CVG work. Good use is being made of the very fertile land of the islands of the Orinoco Delta, some 300,000 hectares have been brought under cultivation by closing an arm of the river and by building a network of dykes and access roads. It has been found that Australian buffalo do well in the region, which is also suitable for sugar and rice growing.

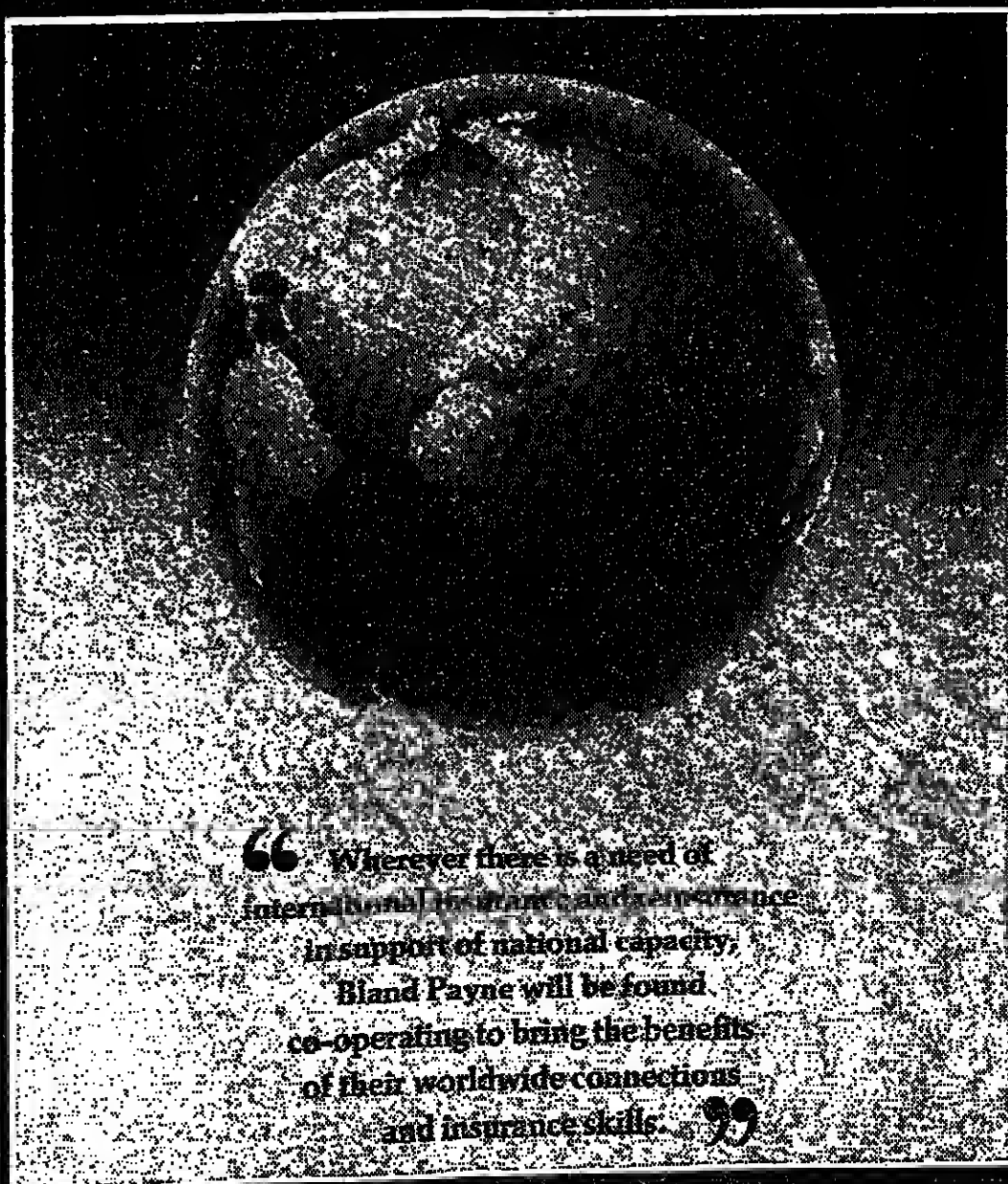
It should not be forgotten that Guayana has the highest waterfall in the world, the 979-metre Angel Falls, as well as a museum of the best work of the Venezuelan kinetic artist Jesus Soto, in the town of his birth, Ciudad Bolívar, on the banks of the Orinoco. Guayana really has something for everybody.

P.K.



Natural gas-holding tanks on Lake Maracaibo, which produces most of the nation's oil. With the new development plans the area will have a bright future.

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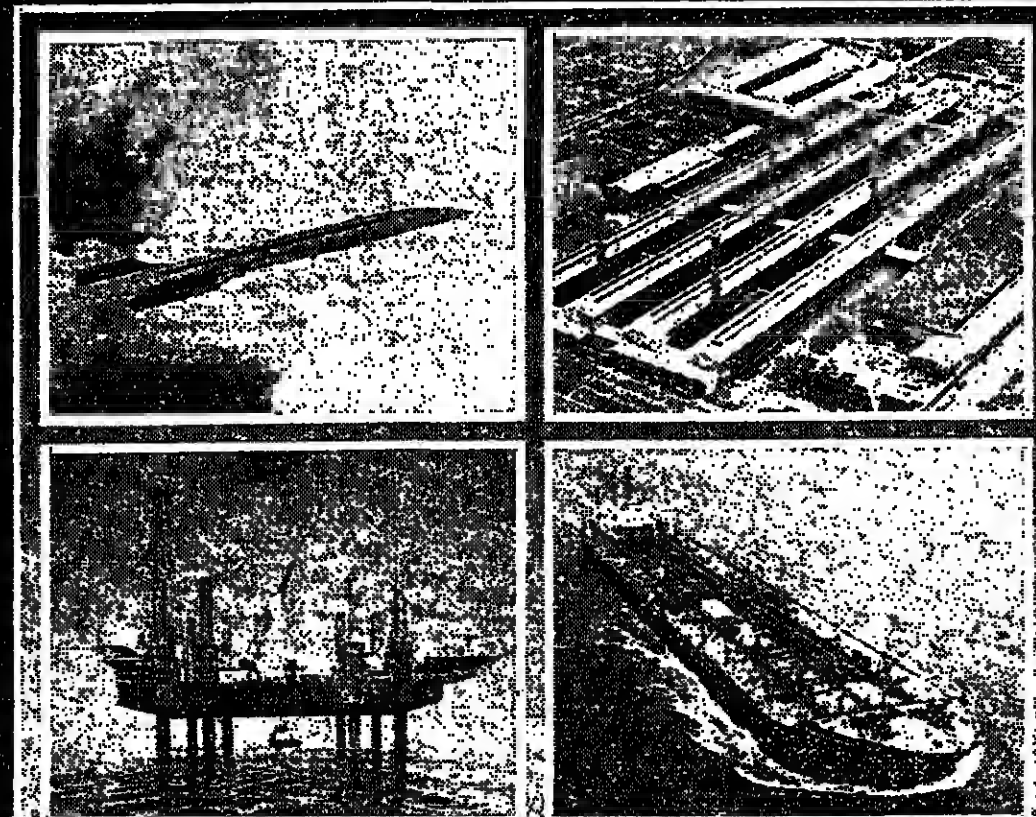
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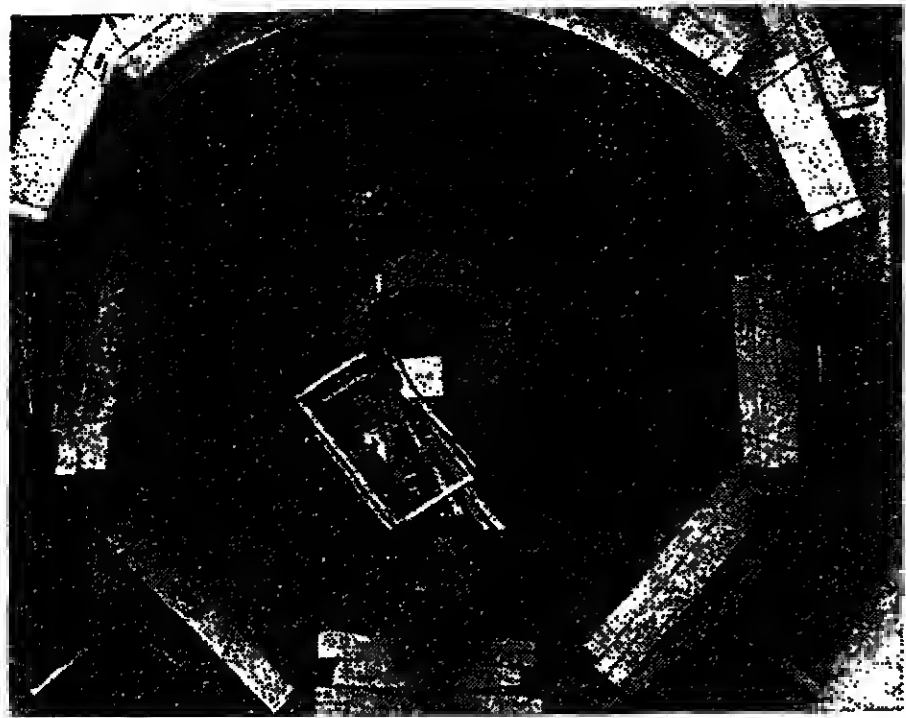
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Venezuela is a country with an abundance of energy resources. On this page Patrick Knight examines the large hydroelectric potential, just beginning to be harnessed, and Roger Vielvoye describes the recent nationalization of oil resources

## Concerted effort to use lower-value fuels at home



Turbine installation at the Guri hydroelectric scheme.

To most people Venezuela is probably considered almost entirely as an oil-producing country, but there can be few countries with such an abundance of energy resources. These include a large hydroelectric potential, only just beginning to be harnessed, estimated at a total of 20,000MW and substantial reserves of natural gas, mainly associated with oil. There is the Orinoco heavy oil belt, a stretch of land 300 miles long by about 40 miles wide containing oil reserves variously estimated to contain between 700,000 million and 3,000,000 million barrels.

Finally, there are considerable coal reserves, notably in the Zulia area, but also in Guayana, estimated to be about 2,000 million tons. It is planned to use coal to provide coke for those parts of the steel industry where direct reduction methods are not to be used, and increasingly as a substitute for the high value oil and natural gas products being used to make the thermal electricity which still accounts for 50 per cent of

total production. This will be part of a concerted effort to use lower value products in the home market, such as lower octane gasoline and less light fuel oil. It is hoped that this will cut down on the value of the 250,000 barrels daily used on the home market, a figure expected to rise to 300,000 by 1979.

At the moment 50 per cent of Venezuela's total electricity production of about 4,500MW, the highest per capita in Latin America, and one of the cheapest to produce, is provided by water power. The output of hydroelectricity is planned to increase at about 13 per cent a year over the next decade. Much of the production will be used by the large industrial projects in the Guayana region, such as the steel expansion programme, and the ambitious aluminium projects, as well as in paper, cement and general manufacturing, notably the expansion of the motor industry.

The focal point for hydroelectricity is the Caroni river. This river, drawing water from the southern part of the country, rising in the Conan Doyle Forest

World country on the borders of Brazil, Guayana and Venezuela, has a potential of 13,000MW as it drops 240 metres in the last 220km of its length before joining the mighty Orinoco at Ciudad Guayana.

The first phase of the Guri dam on this river has been recently completed: 1,200 MWs are being produced from the first six turbines which were supplied by Japan's Hitachi, and a further four units of the same type are to be incorporated into the present dam by 1977. The next phase will involve the raising of the existing dam by 52 metres and the building of a second dam alongside it eventually produce about 8,000MW at Guri. When completed, it will be one of the world's largest hydroelectric plants.

The Caroni river, a clear, fast flowing, silty-free river rising in dense jungle, is an ideal one for dam building, although efforts are being made to ensure that tree-felling does not in any way allow erosion to take place, thus polluting the river. This has occurred in parts of Amazonia and other tropical forests by the uncontrolled cut and burn methods used in remote and unsupervised

parts of the country. A total ban has been put on tree felling in the region.

There is a further hydroelectric potential of between 7,000 and 12,000MW on other rivers in the west of the country. This is one reason why Venezuela can be hopeful that if and when its oil eventually runs out, it will not be left without reliable energy resources.

Until two years ago 25 per cent of the natural gas found in Venezuela was burnt to atmosphere. It is not so long ago that 50 per cent was disposed of in this way because there was no economic use for it at the time. This is changing fast, and a goal is for only 2 per cent of gas to be burnt by the end of this year. Most of the product is being sold cheaply to provide electricity. Almost 50 per cent is still injected into oil wells to boost production rates, and that is not lost, but it is planned progressively to replace the use of gas by water for this purpose. Eventually gas will be primarily used to provide energy for the steel and aluminium iron ore plants of their large expansion programmes for domestic consumption in cities and as an input for the chemical industry.

It is planned to reduce to a minimum the amount of gas used in electricity generation and to replace it for this purpose by heavy fuel oil. The Venezuelan gas reserves, somewhat smaller than those of Britain, are almost invariably associated with oil, and although felt to be sufficient for about 30 years at present rates of production, may fall sharply as industrial demand increases. Natural gas is one of the keys to the development of the United States. Gas is used in the briquette plant at Guayana, which, when full production is reached, will produce one million tons of 85 per cent concentrate from the 50 per cent ore produced locally.

President Pérez has announced that one of the first tasks of the newly nationalized oil industry will be to set up the organization properly to evaluate the Orinoco heavy oil belt. As a first stage it is planned to increase production from the present 50,000 barrels a day to 200,000 barrels, this work to start immediately. It

is not yet known for certain how much of this is economically recovered and what methods will be most suitable.

Estimates vary between 700 million and 3,000 million barrels, and between a 3 per cent and a 10 per cent recovery rate. Clearly, it makes a lot of difference whether the lower or higher figures are accurate, both for reserves and recovery rates. Venezuela's conventional reserves are estimated to be likely to run out in about 25 years' time. That date assumes a somewhat higher consumption rate than at present, and that no main fields are found. There are high hopes of finding substantial reserves of oil offshore and in other regions of the country.

There are two schools of thought about what should be done with the Orinoco oil. One feels that it should be left alone for the time being and that technology, price and world demand for oil at almost any price will catch up with the Orinoco and make it attractive. The other feels that it is important to move ahead with evaluating this oil source, as it is quite likely that other competitive energy sources, such as the huge reserves of coal in the United States, might be activated, and that the Orinoco might be priced out of the market unless carefully and fairly quickly explored.

Clear that the Government is of the second opinion. Much depends on

what the oil will cost to produce and refine, whether it is \$3 or \$5 a barrel, the limits now being discussed. The belt is by no means homogeneous. Oil varying in viscosity between six and 21 API has been discovered, and it remains to be defined how much of each different quality there is. However, it is likely that there will be enough to last several hundred years to maintain Venezuela at the standard of living to which it has become accustomed. Even if the worst came to the worst, the oil could be used on the spot as a further energy source. It is generally felt there that, as the world population increases, demand for energy and hydrocarbons must resume their upward climb and that, sooner or later, the most optimistic feelings about the reserves are likely to be vindicated.

The coal reserves of Zulia, estimated to be about 1,000 million tons, have still to be fully evaluated, to discover what proportion can be used for coke making. It is planned that as much as possible should be used in the five million tons capacity steel plant to be built near by. The third stage of steel production expansion, to be built at Guayana, will also be based on coal. It is being situated for fuel oil and natural gas in the manufacture of electricity, wherever possible, to release more of the high-value fuels that Venezuela produces for export in future.



P.K. A ship waiting to unload at Shell's Cardón refinery.

## Smooth takeover enhances state's reputation

Three members of the nationalization of the oil industry in Venezuela, Kuwait and Iraq—have taken complete control of their national oil industries during the past three months. These three countries, which still operate a modified concessionary system where the oil companies have an equity stake in the exploration, production and exporting of crude are watching the results of their nationalization efforts with interest.

The success these three countries make of their nationalization operations at a time when the world oil market is depressed when millions of barrels of oil-producing capacity are lying idle may determine whether more members of Opec take further steps towards the complete ownership of their oil.

On the surface all three nationalization moves went fairly smoothly. Iraq took over what was left of the old Iraq Petroleum syndicate operations that remained in the oil companies' hands. In Kuwait the negotiations were protracted, but as in Iraq the Government was bargaining to take over a single production company, the Kuwait Oil Co. which had only two outside shareholders, British Petroleum and Gulf.

On the other hand, the Venezuelan takeover was a far more complex affair. The oil companies had been operating in Venezuela for more than 50 years and 18 groups had concessions, most of which expired in 1985 and would have reverted to the state, without compensation. In the months between the nationalization Bill receiving its final congressional assent in September and the January 1 date for investing all the oil interests in the government companies, a long and complicated series of negotiations was held to fix compensation and the various small but important details that would govern the relationship between the state companies and the oil groups after the takeover.

Oil industry sources who were at first sceptical about the ability of both sides to come to terms in the allotted time, concede that the negotiations have gone smoothly and that Venezuela has enhanced its reputation as a result. The way in which the takeover has been completed should also increase Venezuela's standing within Opec. Venezuela was one of the four founding countries and as such has the right of veto in important policy-making decisions, and has maintained a reputation for straight talking and sound commercial judgments in influencing Opec policy.

But its geographical position as a major producer with large amounts of refining capacity and easy access to the refineries in the Caribbean and the east coast of America has provided Venezuela with a different marketing strategy from other Opec members. Policies have been in line with the general standards set by the organization but have been tailored to the special demands of the market.

One of the fears in Opec circles was that, with three countries negotiating nationalization deals that involved agreements on how much oil would be sold to the former oil company partners during a slump in demand, there was a possi-

bility that prices might be cut in attempts to keep production levels from falling even further.

Venezuela has been prepared to sacrifice volume sales rather than reduce prices. An agreement with Exxon for sales of 955,000 barrels a day of crude and refined products in January brought the total volume of exports through Shell, Mobil, Gulf, Texaco and the other smaller nationalized producers to about 1,600,000 barrels a day. Other American customers trading with the new nationalized industry accounted for a further 100,000 barrels a day.

In the period of uncertainty in December immediately before the nationalization, production dropped to under 1,800,000 barrels a day, including the 200,000 barrels a day that are required for domestic consumption. Low oil prices pushed the average output for the year down to 2,300,000 barrels a day, which compares with a level of 3,300,000 barrels a day in 1973.

Some of this decline results from government-imposed conservation policies in Curacao and Aruba near by. Some spot sales have taken place mainly of the heavier types of crude that are difficult to dispose of at

strict market prices. In January to rise in Caracas, the state company that took over from Shell, has made several sales to Argentina and the Government is trying to arrange a longer-term supply deal with Argentina. It is thought that the two countries are discussing special financing terms for the sales of the type that Venezuela extends to a number of Central American states and to Jamaica. It is likely that the oil sale, will form part of a general trading agreement that could also include Argentine grains and Venezuelan iron ore.

The completion of the

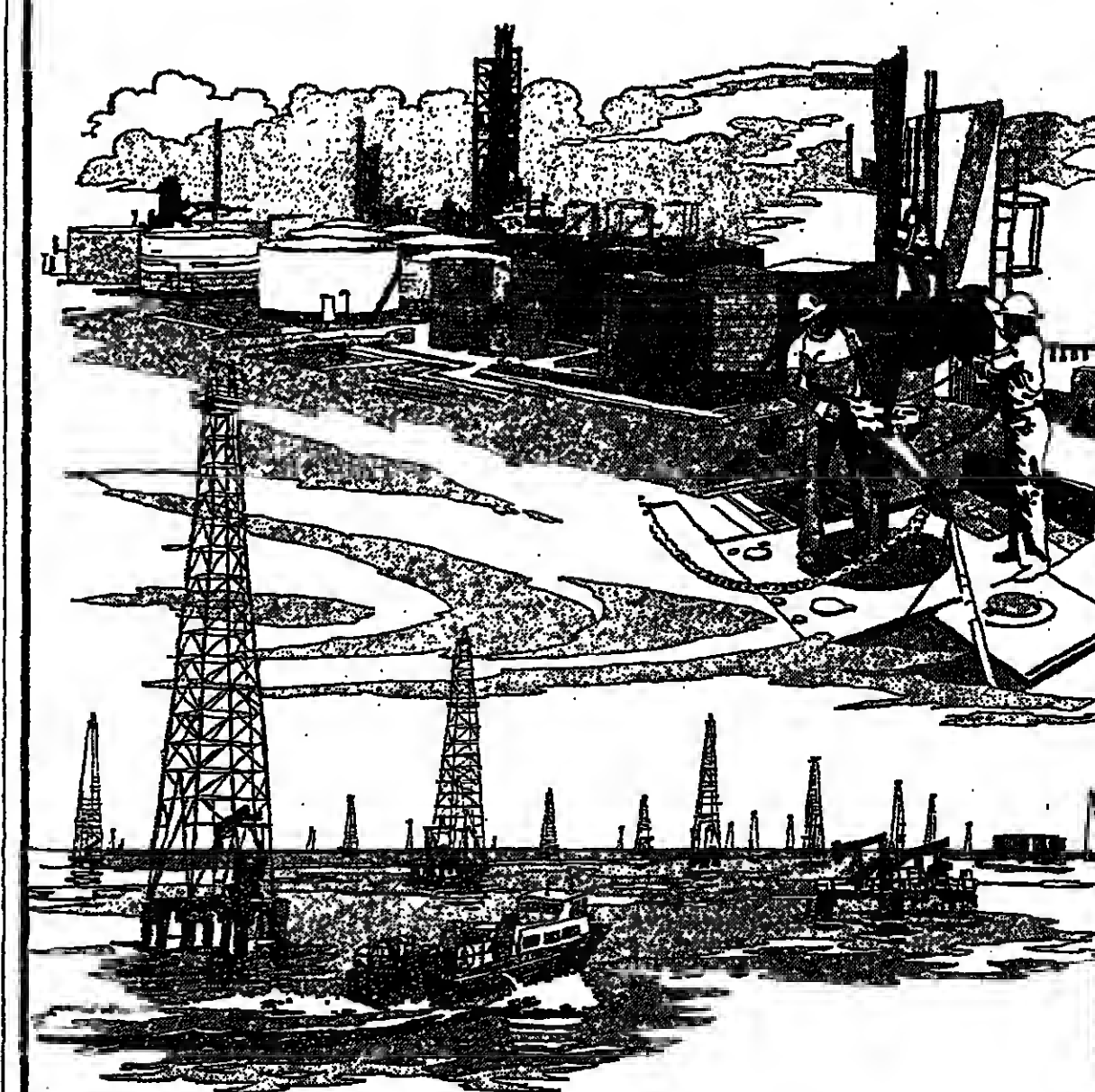
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## ...but his successor confident over oil

Juan Pablo Perez, former Minister of Economy and Agriculture, is the father of Opecad, the man who can to a large extent be said to be responsible for Venezuela's economic position, now takes a pessimistic view about the country's future.

He has taken on a new becoming almost a religious doctrine. That he is the conscience of Venezuela. As a gesture of protest he is no longer allowed to travel down the stairs from the house he lives in a wealthy suburb, to the street he feels the hell has become.

He feels that the money going into the country is far more harmful than that it is causing disemployment and is unduly hard to rectify. Massive industrialization will do nothing to solve the real problems, he says. The result of the high rate and the failure of successive governments to provide adequate education and social services for the mass of the population.

A dismal, frightening situation in which the Government with the seventh largest monetary reserves in the world and the highest income a head in America has failed to create an impression of national unity, mental deficiency and inadequate prenatal and postnatal care, mal-

nutrition, income distribution and literacy rates are all becoming much worse.

Dr. Pérez Alfonzo believes that these problems will never be solved simply with money. The greatest challenge facing Venezuela, he says, is overcoming the difficulties posed by population imbalance—half the population is less than 15 years old, and educating this mass of young people is rapidly getting beyond the resources of the limited number of trained people in the nation.

Dr. Pérez Alfonzo is a powerful man, and as a man who was both uprisings and exiled during the dictatorship of Pérez Jiménez, his words are given wide publicity and listened to by decision makers. The air of authority that he takes part in the scepticism with which such things as the new development plans are being received.

Although it is said that President Pérez pays attention to what Dr. Pérez Alfonzo says, it is difficult to see what the Government can do other than try to run ever faster to stay on top of the problems. It seems that people are not quite so eager to have children, but in Venezuela, as in most Third World countries, another child is still looked on as a blessing rather than a curse, in the absence of proper social security measures which

will ensure that the old are looked after by the state, rather than their offspring, a large family is a desirable plus.

Dr. Perez Alfonso is concerned that Venezuela's resources will be exhausted and wasted. He sees the industrial plans as no solution, as the purchase of equipment will just use up revenue from oil quicker.

As in the past, the equipment will be misused, given the lack of trained manpower to manage and maintain it properly.

He has become a magnet for critical journalists, academics and ecologists. He now plans to move from Caracas to an agricultural cooperative he will help to set up near the old coastal town of Cumana, first Spanish settlement on the Latin American continent.

He feels that he should not just make a diagnosis of Venezuela's problems, but also an example of what he sees as the only solution, a return to a more simple and balanced life in the countryside.

Tragically, in today's Venezuela, there is generally an almost total lack of such countryside. Venezuela, 80 per cent of whom live in towns, are almost totally materialistic beings. It remains to be seen whether the thought and words of Dr Perez Alfonso will really change things very much.

In common with many leading Venezuelans and several members of the Government, Señor Valentín Hernández Acosta, occupant of the key post of Minister of Mines and Hydrocarbons, has studied and worked in Britain. He attended the London School of Economics between 1959 and 1961, and two years later returned to Venezuela as oil adviser at the Venezuelan Embassy.

Señor Hernandez Acosta has never been a politician, ministers being chosen by the President, and coming from a variety of backgrounds. With a deep knowledge of most aspects of the oil business and considerable experience of the world petroleum scene, his was an obvious choice.

Venezuela was in something of a turmoil at the beginning of the year after the huge and daring step of the nationalization of the oil industry. It looked for a while as if Petroven, the state holding company, was not going to be able to sell enough oil to maintain an

adequate flow of income. The companies previously operating in Venezuela had reduced the number of barrels they take off to 1,500,000 a day. New buyers seemed hard to find.

If anybody at government level panicked, it was not Señor Hernandez Acosta. He is totally confident that Venezuela will be able to sell all the oil it really needs at the Organization of Petroleum Exporting Countries price. Quick to smile, a huge grin comes over his face when calculating how many hundreds of years the reserves of the Orinoco heavy oil belt, Venezuela's "insurance policy," is likely to last.

Señor Heroandez Acosta is a man with a varied background. When he was eight, his mother brought the family to Caracas from a small town on the banks of the Orinoco so that the children should have access to better education. He was Venezuela's first graduate in petroleum engineering in 1948. From a humble background he had to work to pay for his studies and in support himself, like so many able students all over Latin America.

Señor Hernandez Acosta : wide experience of the world petroleum scene.

ing life with Creole Petroleum, the Venezuelan subsidiary of Standard Oil of New Jersey, but after only a year with Creole, he and three colleagues set up on their own to drill water wells.

nomics, at that time even more popular among overseas students of talent than now. He met the "father of Opec", Dr Perez Alfonso, then Oil Minister, while he was in London and also acquired a lasting taste for marmalade.

Senior Hernandez Acosta recalls with great pleasure the time spent living in Princes Gate. It is rumoured that he would like to return to London at some future time, perhaps as ambassador. The only difficulty is that his probity, global vision, experience and confidence have made him almost indispensable at the ministry.

LS&I, studying at the time, he was not long before he was invited to join the foreign service. After the London posting, it was felt he should go to the Middle East, as he found himself in Libya during the six-day war. At this stage in his career he began to become more involved in international agencies, such as Opec, the International Atomic Energy Commission and various United Nations agencies. He was subsequently Ambassador to Romania, and was working in Vienna when recalled to his present post.

With Señor Hernandez Acosta rests the future of Venezuela's oil industry. He has the big task of ensuring that the industry remains as profitable and effective as it has been hitherto, as well as setting about welding the 14 operating companies into some sort of a whole. So far little has been done about this, though quite intentionally. It was decided to retain the old system of operating until the disturbing influence of nationalization was well past.

It is likely that rationalization will gradually occur, notably at the extraction and sales stages. There is no reason to believe that the industry will function better as a fairly loose amalgamation of decentralized companies as it is now or as a reconstructed, more centralized whole. It is recognized that it is vital that the industry should be able to adjust to the changes. As someone without strong political affiliation but a great deal of wisdom, Señor Hernandez Acosta is in a key position to ensure that this does not happen, and that the oil industry continues to be the pillar supporting Venezuela.

PK

# GUAYANA

## key to venezuelan industrial development

**Until now, only 8 per cent of our iron has been processed in Venezuela. Nationalization will make it possible to process all of it.**

Until 1980, all the iron ore extracted in Guayana was processed abroad. The creation of the *Corporación Venezolana de Guayana, (C.V.G.)*—a regional development agency—made us conscious, among other things, of such situation. Now, the nationalized mining companies, grouped together in *C.V.G.-Ferrominera Orinoco, C.A.*, operate as subsidiaries of *C.V.G.* It is foreseen that by 1985 all of our iron ore, which was previously exported as raw material, will be processed at home.

**Since 1962 we have increased sixfold our steel production. By 1979, it will be increased five more times.**

**SIDOR**—a subsidiary of C.V.G.—started operations in 1961. Its original production was 162,000 metric tons. In 1975, production rose to one million tons... and in 1979 it will produce 5 million. This volume will not only satisfy our domestic needs, but will permit Venezuela to enter the international steel market.

**Aluminium production has likewise multiplied fivefold. By 1979 its production will increase eight more times.**

Alumina reduction is a process requiring enormous amounts of electric power. Taking advantage of the plentiful and low cost power produced at nearby Guri Dam Power Station, C.V.G. promoted Aluminio del Caroní S.A. (ALCASA), a private concern in which the Venezuelan state has a 50 per cent share. ALCASA started operations in 1967 with a production of 10 thousand tons, it reached 50 thousand tons in 1975, and in 1979 it will be producing 120 thousand tons. A new plant, VENALUM, is under construction. It will produce 280 thousand tons. Thus, the total installed capacity of 400 thousand tons will make Venezuela a leader in aluminium production in Latin America.

**The hydroelectric dam, Raúl Leoni, in Guri, one of the biggest in the world, will reach by 1987 a capacity of 9 million kilowatts.**

The hydroelectric potential of the Caroní river is above 13 million kilowatts, and its exploitation has been entrusted to Corporación Venezolana de Guayana through its subsidiary C.V.G. Electrificación del Caroní, C.A. (Edelca). The capacity of the Radí Leóni dam in Gurí is expected to reach, 2,065,000 kilowatts by 1977.

Bids are already open for the enlargement of the Raul Leoní dam in Guri, which by 1987, is expected to operate with a capacity of 9,000,000 kilowatts.

## Forging new frontiers

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Dr Gamboa: making Guayana as self-sufficient as possible.

Gambao emphasizes that his team are motivated because they are working for the good of the nation. He is proud to be working on an enterprise which is opening new frontiers and which is not the main business of the state. The state sector is not as vigorous and is felt to have more influence than the private sector. In any case, the private sector depends on public finance and state support is enormous.

Gambao prefers to do his business in Cuzco, says, almost a state capital, and keeps his home in Caracas and the

nolitionists as much as possible. He attributes the success of the CVG to the basic nature of the steel trade. He says: "Steelmen are always something of a race apart. They set about solving problems in a pragmatic, steady way. It is not an industry in which one can afford to make mistakes nor take risks and it is also an industry where planning has to be done well in secret. Although much of what has been done in Guyana might seem impulsive and daring, in fact it has all been very well thought out and the groundwork thoroughly prepared."

Like many of his peers in Venezuela, Dr Gamboa has spent a good deal of time in the various universities of his country and in the United States, both as a teacher and as an adviser, though he has been associated with the CVG for the whole of his working life, since its establishment in 1960. He is also one of those many Venezuelans with a close regard for Britain and things British. His son attended Gordonstoun School, and he went to continue with medicine at Aberdeen. In fact he is now studying medicine in Venezuela.

DE

**CORPORACION VENEZOLANA DE GUAYANA**  
**C.V.G. FERROMINERA ORINOCO, C.A.**

**C.V.G. SIDERURGICA DEL ORINOCO, C.A.**  
**C.V.G. ELECTRIFICACION DEL CARONI, C.A.**



## Cash being poured in to revive crops

by Patrick Knight

Agriculture has been given top priority by President Pérez in an attempt to improve a situation in which Venezuela has been forced to import an increasing proportion of its food. Imports reached almost 28 per cent of consumption in 1974, while only 5 per cent of available arable land was properly cultivated. The goal is to push production up by at least 10 per cent a year during the next few years.

About £1,000m is being spent on agriculture, and in many ways the industry is showing signs of improvement. Production is officially estimated to have risen by 8 per cent in 1974, and perhaps as much as 9 per cent last year. The philosophy seems to be to pour in funds in the hope that productivity will rise swiftly and substantially. Later, more attention will be paid to whether the money is being wisely spent, and attempts made to correct distortions.

With plenty of money, large areas of land uncultivated, and 400,000 new mouths to feed every year, this is probably the best plan to follow if agriculture is to be made productive and efficient.

The debts of small and medium farmers have been cancelled, and loan funds with an interest rate of 3 per cent over 20 years set up, while the banks are to be compelled to lend 20 per

cent of their deposits to farmers. This will involve probably \$350m in loans. Those farmers who make investments will not have to pay any taxes on their returns, and will outgrow putting funds into agriculture.

Prices to producers have been guaranteed for 24 products, rather than the six which were previously guaranteed. This is seen as a great step forward in stimulating regular production, though price levels are not considered satisfactory by many producers. Subsidies are high, however, and cost \$150m in 1974.

Fertilizers, pesticides, tractors and other agricultural machinery are to be made available as cheaply as possible. There are plans to build 400,000 tons of storage capacity, as Venezuela, like most Latin American countries, has suffered from heavy crop deterioration in transport, and poor storage. As much as 40 per cent of produce can be lost in this way.

There is a programme to build 15,000km of rural roads. About 2,500km were built in 1975, and 3,600km are planned for this year. A rail network is planned to help farmers to get their products to major markets more easily and cheaply. Marketing has been a great difficulty until recently and many farmers have been able to dispose of their produce only locally.

Big efforts are to be made in irrigation programmes, including the drilling of wells and the digging of storage cisterns near rivers in areas where rainfall is heavy but

make many parts of the country suitable for such crops, which will hold enough water to supply cattle for the whole year.

It is generally felt that money is better spent on such projects rather than on the building of expensive dams and elaborate irrigation schemes. Much of the existing irrigation capacity is not being used effectively through lack of technical knowledge. Less ambitious programmes are felt to be more appropriate.

While prices were fairly low in the 1950s and 1960s, Venezuela did not concern itself with agriculture, and the drift from the land to the cities has been spectacular in recent decades. Almost 80 per cent of Venezuelans live in the cities. Between 1969 and 1973 agriculture grew by only 1.5 per cent, while the country's population increases by 3.4 per cent a year. Although in the short term it is likely that agriculture will need to be subsidized at ever higher levels, it may in the long term become self-financing. The Government is making considerable efforts to make life for those employed in agriculture more attractive, to stem the move to the cities, and to eliminate the need for migrant labour from Colombia and Ecuador at harvest time.

Salaries have been doubled, and rural workers are to enjoy the same pension rights, social service and health benefits as town dwellers. Existing housing is to be improved, and villages with proper amenities built. There is also a programme to build schools and health centres in rural areas.

The weak spot will be providing technical support

for farmers and the establishment of proper research. Very little research is done at present, either in the universities or by the Agriculture Ministry. It is planned to create an organization to keep farmers up to date with technical and other information.

There are some crops, such as wheat, in which Venezuela will never be self-sufficient, but great strides are being made in the production of rice, cotton and dairy products. Sugar production is to be raised, with the area under cultivation to be increased from 87,000 hectares to 180,000 hectares by 1980.

Five sugar mills are to be built, and cane waste used in paper making. Although much land will never be suitable for cultivation, for climatic or topographical reasons, schemes such as that undertaken by the Guayana Corporation in reclaiming some of the fertile land of the Orinoco delta, and in introducing buffalo to it, are an example of what can be done.

It remains to be seen whether the tactic of heavy spending will result in a steady, consistent growth in productivity. Without the proper technical and professional support and the proper training there is a risk that much of the money will be misused and wasted. There is already concern that much of it is not reaching those who could make the best use of it.

In a crash programme of this size it is inevitable that there will be mistakes, but if the present level of interest and energy can be maintained, there is some



Plenty of peanuts, but the Government has a lot of money to spend before its wide-ranging plans to improve agriculture succeed.

## BIGGER B.CAL

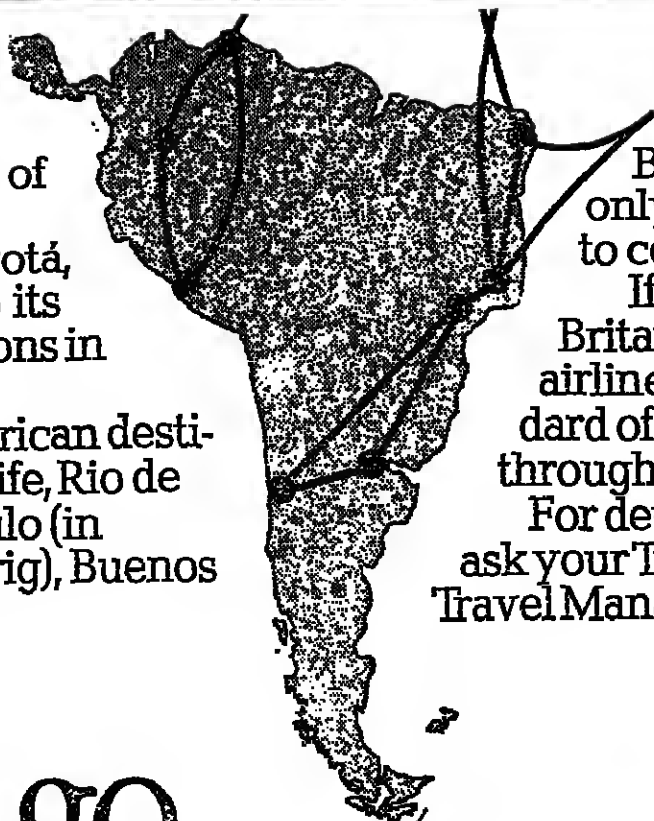
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## Melting pot over centuries

by Susan Morgan

A Venezuelan diplomat said recently that, although Venezuela's gross national product appears to be one of the fastest growing in the world and it is a key member of the Organization of Petroleum Exporting Countries, it took Carlos Guandía to bring Venezuela into the forefront of international politics.

Venezuela, which absorbed a million immigrants between 1950 and 1970, a rate comparable to that of America in the heyday of immigration, is still fixed in the European mind as a distant and exotic banana republic.

Unlike other countries, such as Brazil, Chile and Argentina, Venezuela did not receive its largest influx of immigrants during the nineteenth and first half of the twentieth century. Instead, immigration reached a peak in the 1950s. Most of those going to Venezuela were Europeans. The largest number went from Italy—and Italian is still the language spoken by most immigrants.

Some 9 per cent of all Venezuela's population flocked there after the Second World War. When Venezuela opened its doors to those wanting to start a new life, Southern Europeans went from countries, from Italy, Spain and Portugal; central Europeans, many of them homeless refugees, arrived from Czechoslovakia and Hungary; northern Europeans from Lithuania and Germany.

Venezuela's numbers were swelled still further by immigration from its neighbours—Colombia, Cuba and the United States. This large influx, together with Venezuela's own population increase, has caused the population to triple every 20 years. Population growth rate of 3 per cent a year is one of the highest in the world.

In 1946 there were about three million, but there are now 10 million inhabitants. If present growth rates continue there will be 15 million Venezuelans by 1981. Most immigrants flocked to the main cities, bringing their talents in commerce and industry, and an ever increasing proportion of Venezuelans now lives in urban areas.

In 1961 more than 62 per cent of the population lived in cities; by the early 1970s this figure had risen to 75 per cent. By 1981 83 per cent are expected to live in urban areas. While there has been a huge influx of immigrants, Venezuelans do not tend to emigrate to other parts of the world, but frequently move about within their own borders. From the 1930s to 1961, 21 per cent of the population had moved within the country's borders.

Inevitably, the sudden influx of so many Europeans has had profound effects upon cultural, social and racial aspects of Venezuelan life. Racial make-up in particular has been modified by the mixture of whites to blacks and Indians, producing that most Latin American of types, the mestizo. Some cultural and ethnic groups, however, mix less freely and in this particular assimilation resembles the United States of the 1920s.

Although the European influx has been most pro-

nounced in the past 20 years, Venezuela has acted as a melting pot for the past four centuries.

Only Bolívar, the Venezuelan leader who liberated the rest of Latin America, was a final member of the Spanish. Bolívar went on a speech mission to England to persuade the British to support his campaign to join him in the struggle against the Spanish. The struggle against the Spanish was a long and arduous one.

The kind of government he sought was to promote the happiness and stability of the people. In form, the Government of Venezuela has been a republic, but must be a republic, as its bases must be the sovereignty of the people, the division of powers, civil liberty, the ending of slavery, the abolition of monarchy and of privilege. Sure that concentration of power was necessary for a new state, his proposed president was little different in his power from the king of England.

The presence of so many Europeans in Venezuela society has brought a strong cosmopolitan influence. Architecture, painting, music, all provide evidence of a marvellous wide range of ideas and expressions. Of all Venezuela's art forms, perhaps architecture is undergoing the most profound and exciting changes. In the colonial past, portly, stricken Venezuelans in solid, simple churches and houses of the marvellous rococo and baroque to found in richer countries such as Peru and Mexico.

Today, however, Caracas boasts some of the most exciting and modern architecture to be found in the world. The great lecture hall, Caracas university seat, while the library can hold up to a million books.

Many buildings are adorned with murals and paintings. The nineteenth century saw classical painting trained in the schools of the 18th century, as in Paris, a group of young artists in the 19th century of the present century revolted against the portrayal of the School of C case—which, despite nationalistic name was by a young Romanian painter, Samy's Menez.

Venezuelan artists were influenced by the works of impressionists, such as Monet and Renoir, and by Cézanne's cubism. A 1949 mural became a significant art form.

European and American influence is apparent in twentieth century Venezuelan literature where writers have been seeking in fusing sources of inspiration for a new kind of "Mestizo" culture. Appreciation of the art encouraged by the literacy rate prevalent brought about by a literacy drive.

Venezuelans enjoy the third highest literacy rate on the continent, set up in 12,000 literacy centres, and 532 libraries, and the formation of the National Library, which is the most modern of the Americas. Will, imperceptible areas of Nam, Peru and George country.





República de Venezuela

Ministerio de Obras Públicas

DIRECCION GENERAL DE VIALIDAD

OFICINA DE PROYECTOS  
Y OBRAS DEL  
METRO DE CARACAS

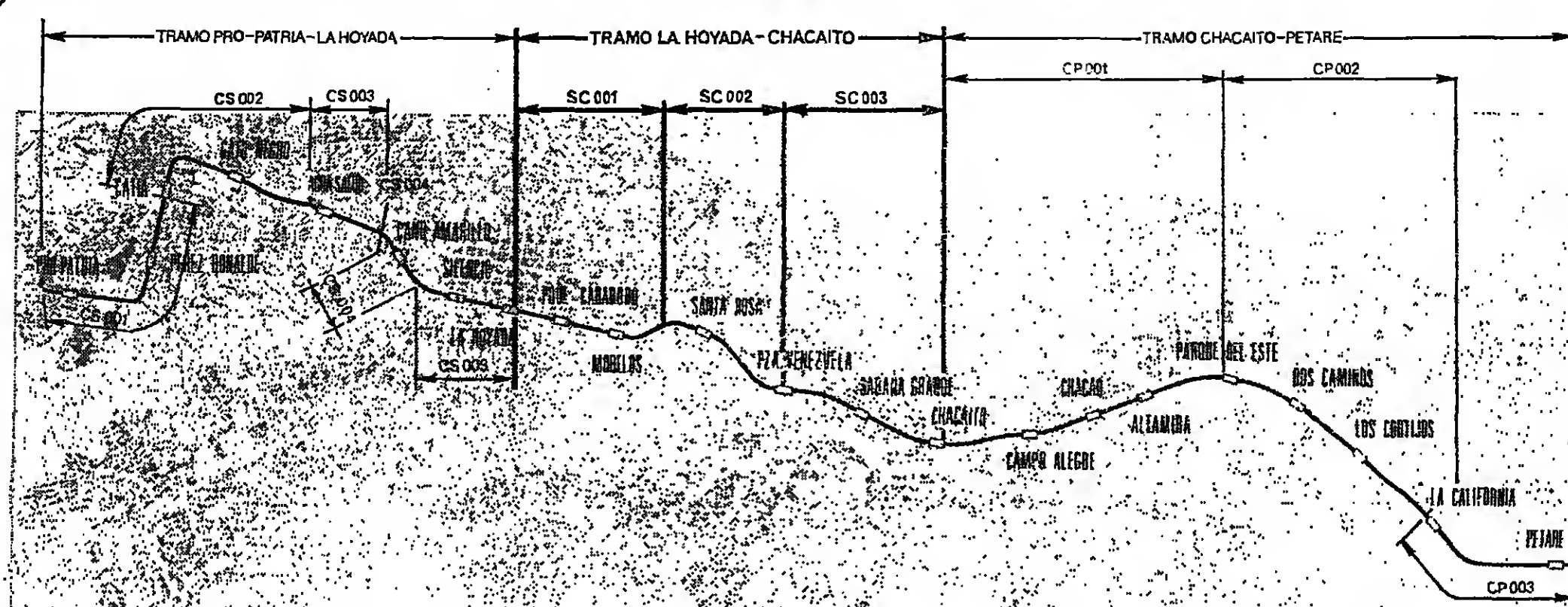


# METRO DE CARACAS

## INTERNATIONAL BID NOTICE FOR PREQUALIFICATION

NOTICE IS HEREBY GIVEN THAT THE MINISTRY OF PUBLIC WORKS OF VENEZUELA WILL RECEIVE APPLICATIONS FOR PREQUALIFICATION FROM INTERESTED NATIONAL AND INTERNATIONAL CONTRACTORS FOR THE CONSTRUCTION OF THE WORKS DESCRIBED HEREIN. THE WORKS TO BE UNDERTAKEN ARE THREE LARGE CONSTRUCTION CONTRACTS FORMING THE LA HOYADA - TO - CHACAITO STAGE OF THE CARACAS RAPID TRANSIT SYSTEM, METRO DE CARACAS.

### TRAMO LA HOYADA - CHACAITO



#### L-76-OMC-1, SECTION SC001, CIVIL WORKS ESQUINA DE PERICO - MUSEO DE BELLAS ARTES

This section consists of the construction of 1,542 meters of underground structure, including two subway stations and 1,070 m. of twin tunnel subway. The main structures are as follows: Carabobo Station, 181.4 m. long, with center platform and below-ground mezzanine; Morelos Station, 181.6 m. long, with center platform and below-ground mezzanine; 1,070 m. of twin tunnel, each 5.10 m. diameter, in soft ground, with precast concrete segmented lining; 109 m. of transition structure to be constructed by the cut-and-cover method; and two structures for subway ventilation. In addition to the civil construction work, this contract includes architectural finish work for the stations, illumination, and certain auxiliary electrical and mechanical equipment and installations for the stations.

For the information of those interested, the main items of the work contributing to the overall cost are:

(a) Excavation, supported, in trench	165,000 m <sup>3</sup>
(b) Compacted backfill	30,000 m <sup>3</sup>
(c) Haulage and disposal of excess excavation	2,700,000 m <sup>3</sup> -km
(d) Concrete structure	34,000 m <sup>3</sup>
(e) Reinforcing steel	6,600 tons
(f) Concrete slurry wall of 1.0 m. thickness	6,400 m <sup>2</sup>
(g) Twin tunnels of 5.10 m. diameter, including lining of precast reinforced concrete, total single tunnel length	2,106 m

#### L-76-OMC-2, SECTION SC002, CIVIL WORKS MUSEO DE BELLAS ARTES - PLAZA VENEZUELA

This section consists of the construction of 1,900 meters of underground structure as follows: Santa Rosa Station, 160 meters long, with underground side platforms, and a mezzanine partly underground; Plaza Venezuela station, 180 m. long, with side platforms and an underground mezzanine; 200 meters of twin subway structures consisting of two separate boxes approximately 5.75 m. x 5.50 m.; 1,360 m. of subway structure consisting of double cell box structure approximately 6.10 m. x 10.30 m.; and two subway ventilation structures. In addition to the main civil construction work, this contract includes station architectural finish, illumination, and certain auxiliary electrical and mechanical equipment and installations for the stations.

For the information of those interested, the main items of the work contributing to the overall cost are:

(a) Excavation, supported, in trench	330,000 m <sup>3</sup>
(b) Compacted backfill	100,000 m <sup>3</sup>
(c) Haulage and disposal of excess excavation	4,600,000 m <sup>3</sup> -km
(d) Concrete structure	70,000 m <sup>3</sup>
(e) Reinforcing steel	5,200 tons
(f) Permanent concrete slurry wall	2,500 m <sup>2</sup>

#### L-76-OMC-3, SECTION SC003, CIVIL WORKS PLAZA VENEZUELA - CHACAITO

This section consists of the construction of 1,580 meters of underground structure, as follows: Sabana Grande Station, 178 m. long, with side platforms and underground mezzanine; Chacaito Station, 204.3 m. long, with side platforms and underground mezzanine; 1,182 m. of subway structure consisting of double cell box structure approximately 6.10 m. x 10.30 m.; and two subway ventilation structures. In addition to the civil construction work, this contract includes station architectural finish, illumination, and certain auxiliary electrical and mechanical equipment and installations for the stations.

For the information of those interested, the main items of the work contributing to the overall cost are:

(a) Excavation, supported, in trench	312,000 m <sup>3</sup>
(b) Compacted backfill	112,000 m <sup>3</sup>
(c) Haulage and disposal of excess excavation	4,000,000 m <sup>3</sup> -km
(d) Concrete structure	57,000 m <sup>3</sup>
(e) Reinforcing steel	5,800 tons
(f) Permanent concrete slurry wall	9,000 m <sup>2</sup>

### SUBMITTAL OF DOCUMENTS

Prequalification documents will be submitted by hand to the Bidding Committee, Ministry of Public Works, Edificio Camejo, Library, Esquina de Camejo, Mezzanine, Caracas, Venezuela, on May 19, 1976, at 10:00 a.m. The Ministry of Public Works reserves the right to prequalify those prospective contractors who will be invited to present final proposals in accordance with MOP Norms for Bidding and Contracting Works for the Caracas Metro, and the Bidding Committee Report.

#### ADDITIONAL INFORMATION

Additional information on the prequalification procedures and on the importance and characteristics of the projects for which bids will be eventually submitted, can be obtained from the Oficina de Proyectos y Obras del Metro de Caracas.

#### PREQUALIFICATION DOCUMENTS TO BE SUBMITTED

Prequalification documents will be drawn-up in accordance with the Norms for Bidding and Contracting Works for the Caracas Metro contained in Resolution N° 59 of the Ministry of Public Works dated May 19, 1971 and published in the Gaceta Oficial (Official Gazette) N° 29,514 of May 21, 1971.

Interested firms and companies must submit in public to the Bidding Commission a written notification on officially stamped paper (Bs. 0.50), or on a firm's own paper with a stamp affixed (Bs. 1.00), stating their desire to participate in the bidding process for one or more of the sections mentioned above. This notification must be accompanied with the following documents:

#### 1. For Domestic Firms:

- Valid income-tax clearance statement (Solvenca).
- Certificate of registration in the Registry of Building Contractors issued by the "División de Licitaciones y Registro de Empresas" of the Dirección de Finanzas del Ministerio de Obras Públicas.

#### 2. For Foreign Firms:

- Letter stating desire to participate in the bidding process signed by the firm's legal representative.
- Certificate of incorporation and by-laws of the firm, or certified copies of these.
- Publicly notarized document issued by the firm, valid in Venezuela, that authorizes the person or persons that can sign on its behalf; or Power of Attorney, whichever is the case.
- General balance sheet for last fiscal year.
- Trial balance, showing debtors, creditors, fixed assets, investments, shares, and participation in other companies, profit and loss statement, etc.
- Commercial, financial and bank references.
- List of technical personnel indicating the specialization of each.
- List of major similar-type projects, contracted, executed, or in construction for the public or private sector. Indicate the approximate percentage of work completed to date of projects mentioned in construction.
- Accredited documents indicating the firm's satisfactory completion of projects of a similar type and scale to the projects for bidding. Whenever possible these projects should be described and the level of responsibility that the firm had in their execution should be indicated.

- Tax clearance certificate issued by the Administración General del Impuesto sobre la Renta of the Ministerio de Hacienda of the Republic of Venezuela.
- Whatever other information that the firm considers relevant.

#### 3. For Consortiums:

- Indicate the name of the firm that will represent the Consortium.
- Present the documents of each one of the member firms of the consortium that wishes to participate in the bidding procedure.
- A document which establishes the joint responsibility of the firms that comprise the Consortium and which commits these firms to integrate as an entity in accordance with Venezuelan laws in the case that they qualify for the bidding stage.

Note: All the above-mentioned documents will be presented in Spanish, duly legalized by local Venezuelan consulates.

For a firm to become prequalified, Venezuelan participation will be essential. In this regard, the attention of the participants is directed to Article 25 of the Norms for Bidding and Contracting for the Caracas Metro, wherein it is required that qualification take into account (a) the experience records of the technical personnel in the employ of the organization, (b) the professional staff of the organization registered with or authorized by the College of Engineers of Venezuela, and (c) the participation of Venezuelan companies in international consortia. In addition to the documentation mentioned above, companies and consortia should present documents which would permit quantification of the Venezuelan participation.





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Ending reliance on roads with a national rail network and an Underground in Caracas where two million people live and work in a narrow valley choked by traffic

## Sudden decision to overcome 'the neglect of decades'

by Richard Hope

Holding an international railway congress in Caracas is rather like convening a conference on snakes in Reykjavik, but it happened last November. Most Venezuelans will tell you their country has closed railways down. This is not strictly true, but of all countries in South America Venezuela has been the most determined advocate of total reliance on roads.

Suddenly this attitude has changed completely. The President of Venezuela, Señor Carlos Pérez, told delegates to the government-sponsored Pan-American Railway Congress on November 13 that his administration was determined to build a new national rail network after two decades in which it was believed that road and air could solve all the nation's transport problems.

His Minister of Communications, Dr Leopoldo Sucre, was even more specific. "The neglect of decades must be overcome in spite of powerful groups who favour road building", he said on November 22. He explained that roads would continue to be built, but instead of trying to increase road capacity between the main centres most effort would go into opening up remote areas so that agriculture could be improved.

With plenty of oil revenue and American ideas dominating transport planning strategy Venezuela has certainly created an impressive road system. As in most of South America, road haulage is largely unregulated; more than a dozen narrow-gauge railways totalling over 1,000 km, which were built cheaply by private interests around the turn of the century, succumbed swiftly to competition from lorries and buses.

Lately, however, it has been found that overloaded lorries have been damaging the roads, while accidents and breakdowns are becoming too frequent for the peace of mind of motorists who have to share the dual-carriageways with them.

The idea of building a modern rail network has been present for more than 20 years. A short length of 173 km was actually built in 1958 from the sea at Puerto Cabello to Barquisimeto as part of a plan to create a 4,000 km network, but no government really took this or any subsequent national railway plan seriously.

Two things have happened to change matters. First, the Government wants to develop a domestic steel industry at Ciudad Guayana in the east of the country and needs an economical means of shifting its products to the main market areas; and second, the railways are now headed by an able politician, Dr Roberto Agostini, and are thus beginning to be taken seriously for the first time.

The position in 1974, when the oil-price rise caused Venezuela to accelerate drastically the planned pace of industrial development, was that a 90 km branch off the existing line to Riochico was under construction to tap phosphate deposits; this branch will open shortly. Two standard-gauge railways owned by mining companies were bringing iron ore to the river port of Ciudad Guayana for export, while a 27 km line from the port of Guanta to a coal mine at Marican (near Barcelona) lay intact but unused.

Built by a British company 20 years ago, this short line has a curious history. Two diesel locomotives and a number of wagons were supplied for the locomotive at Guanta was coupled to all available wagons and dispatched with the ceremony carrying the official party. Not to be noticed, the management at Marican made up their opening train with the other locomotive and remaining wagons. They met in the middle of the only tunnel.

One locomotive was propelled a wagon which absorbed some of the impact, and the national railway workshops subsequently rebuilt one serviceable diesel from the bits. But by that time the price of coal had dropped and the line lay dormant until the energy crisis once more put coal in demand; rehabilitation is now in progress.

There are really three strategic planning objectives which the Government hopes to achieve with its new rail network. Heavy industry has been located so far near the ports to take advantage of sea transport, and this has concentrated population and wealth along the northern coastal strip.

By building the first trunk line inland, parallel to the coast, the Government's intention is that new industries will develop away from the ports. It is for this reason that the railway will not serve Caracas (about 20 per cent of the population lives there), but will end at Tuy Medio, where a new city is planned to act as an overspill for the capital.

The second objective is to enable the steel complex at Ciudad Guayana to supply the rest of the country overland rather than by sea, partly as already explained to overcome the attractions of the coast but also because the river port is in some respects inadequate. Third, agriculture in the Western Highlands is to be intensively developed, and a railway is needed to bring in fertilizers and remove produce.

It has been decided after a number of studies that the national rail network is to comprise 3,697 km of single-track route to be built in three stages of about five years each up to 1990. Total cost of the project at 1974 prices is put at 9,397 million bolivars (£1,120m), of which about 57 per cent is civil engineering and 19 per cent is rolling stock.

The first stage, to be completed by 1980, amounts to 1,262 km and consists essentially of a spiral route stretching from Barinas in the west to Ciudad Guayana in the east. Branches will serve Tuy Medio and the port of Barcelona. Though the steel traffic is important, the busiest stretch will be between Tuy Medio and Valencia, and it is expected that the need to duplicate the motorway from Valencia to Caracas will thus be avoided.

Because of the road-building programme there is already substantial civil engineering capability in Venezuela, and it has been decided that the sections from San Juan de los Morros to Barinas (with branches) and from Anaco to Barcelona will be put out to tender locally. Some earthworks are already under way from the junction with the existing line at Yariaguá down towards Barinas.

The most difficult sections, though, will be put out to international tender as a turnkey contract: from San Juan to Ciudad Guayana, and the Tuy

Medio branch, 700 km in all. This includes a massive bridge over the Orinoco River at Ciudad Bolívar which is expected to cost \$350m. Some seven kilometres long with its approach spans, this bridge must be high enough to pass ocean-going ships because of a treaty obligation with Colombia.

A critical point in the development of the rail network will be reached this month when the Congress will be asked to approve a public credit loan sufficient to cover the whole of the first stage. However, there appears to be almost no opposition to the necessary legislation which has the backing of both the main political parties. On February 2 Dr Sucre called together the ambassadors of 17 countries and handed them specifications for the new line so that groups could be formed to build it.

As soon as this loan is approved, bids will be sought for work on the first stage. There will no doubt be plenty of work available on the project because Venezuela is short of railway engineers. There is no local industry capable of building rolling stock or signalling equipment.

British Rail's consultancy organization, Transmark, has been active in pursuing this business; Sir Richard Marsh, chairman of British Rail, visited Venezuela last July to impress on the Government the capabilities of British industry in this sphere. Companies from Canada, France, West Germany and Japan have also

been on the scene in considerable strength and it will be a tough fight.

Two setbacks in British hopes have been the decisions not to electrify the busiest sections nor to run a passenger service, in both of which Europeans have an advantage over North America. Neither possibility is ruled out for the future; signalling must be immune from interference by high voltage electrification, and curves are limited to 2,500 metres radius to permit speeds of 200 km an hour.

One interesting possibility is that iron ore mined at Ciudad Piar, which goes out by river from Ciudad Guayana, would instead go by rail to Barcelona for shipping in bulk carriers. This would increase traffic on the eastern leg of the first stage to about 20 million tonnes a year making electrification well worth while, especially as one of the world's largest hydroelectric projects is being developed on the Caroni River close by. To cater for this possibility, the Orinoco bridge is being designed for double track.

The biggest weakness of the present plan is undoubtedly the failure to serve Caracas, and it is hard to believe that an extension from Tuy Medio to the capital will not materialize in due course. Certainly it would be essential before an inter-city passenger service could be contemplated.

The author is editor, Railway Gazette.



A station being built on the pilot section of the Underground.

## Undermining the importance of capital's motorways

by Chris Bushell

Caracas is a transport planner's nightmare. More than two million people live and work in a narrow valley choked by traffic using five parallel six and eight-lane motorways. Like other cities which have pinned their faith on motor vehicles, Caracas is beginning to experience stagnation in its prime business and commercial districts—one of the effects of trying to provide space for ever-increasing numbers of private cars.

In an attempt to change this Caracas has become the latest city to choose a conventional dual-rail underground railway system. A Bill before the Venezuelan Congress provides for the setting-up of a concessionary company which will eventually run all public transport in Caracas, coordinating bus services with frequent trains on the new Underground.

Caracas is ideally placed for service by underground railway. A single route can serve all the main business, commercial and entertainment centres, and the residential areas at its extremities. The Ministry of Public Works project team has chosen a 19.2 km east-west route from Petare to Pro Patria for the first line of what will be eventually a five-line network. Later, additional lines will be built to serve side valleys, bringing the total length to 48 km.

A public loan credit of 2,000m bolivars (about £470m) was approved at the end of last year to cover the cost of the first line, and bids have been received for the first four civil engineering contracts covering tunnelling and station construction.

Heavy spending on roads

and other public works in recent years has enabled Venezuela to build up a very competent construction industry. Civil engineers have completed a short pilot section of track and one station, designed to develop construction methods and assemble information costs for the full project. But railway experience is lacking and, with the country in a good position as regards balance of payments there is great international competition for the trains, track components, signalling, communications, ventilation equipment and escalators.

Pre-qualification bids for all the electrical, mechanical and permanent way equipment for the first line have been called for, and must be filed with the Public Works Ministry by April 6. Contracts will be placed for about 60 per cent of the construction work from Pro Patria, where the rolling stock maintenance depot is situated, to Chacaito. The rest of the contracts will be placed soon afterwards. Electrical and mechanical contractors will be invited to bid for both sections in close sequence, as the first line is to be ready for service by 1980.

Valuable assistance will be given by London Transport's consultancy service, which won a substantial contract in November to advise on all aspects of public transport planning in the city. It will help to set up the new Caracas Metropolitan Passenger Transport Authority, as well as providing training facilities for staff over four years.

Track will be to standard (4ft 8½in) gauge, with trains electrically-powered from a third rail. All axles of the seven-car trains will be motored, allowing the top speed of 80 kilometres an hour to be reached within 30 seconds. Each train will have a crush-load capacity of 1,260 passengers, with headways between trains of 90 seconds, the theoretical capacity of the route will be 56,000 passengers an hour in one direction.

Some very elaborate stations are planned, such as that at La Hoyada, where the platforms are at the fourth level below the street.

Because they are to be integrated into pedestrian concourses and adjacent commercial developments on different levels, the 22 stations on the first line will require 188 escalators.

Caracas is 1,000 metres above sea level, and has a warm rather than hot climate, but projected thermal loadings are such that generous ventilation must be provided to keep stations and tunnels cool. Bids will be required, but even more interesting are proposals for mechanical cooling of all the underground stations. Plants at four locations will pump chilled water through pipes in the tunnels to heat exchangers in the station ventilation systems.

Certain questions remain undecided, but are likely to be settled as soon as London Transport's consultancy team begins work. One of the more important is whether or not to go for full automatic train operation. An early decision will have to be made so that design work can go ahead.

The author is assistant editor, Railway Gazette.

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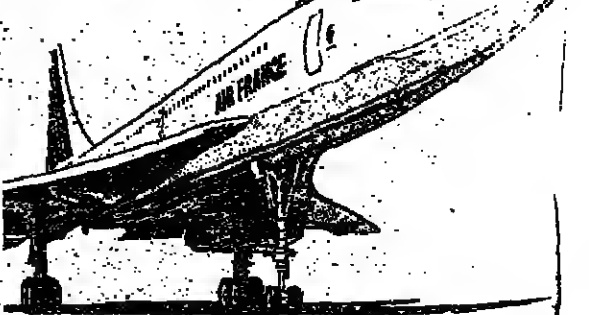
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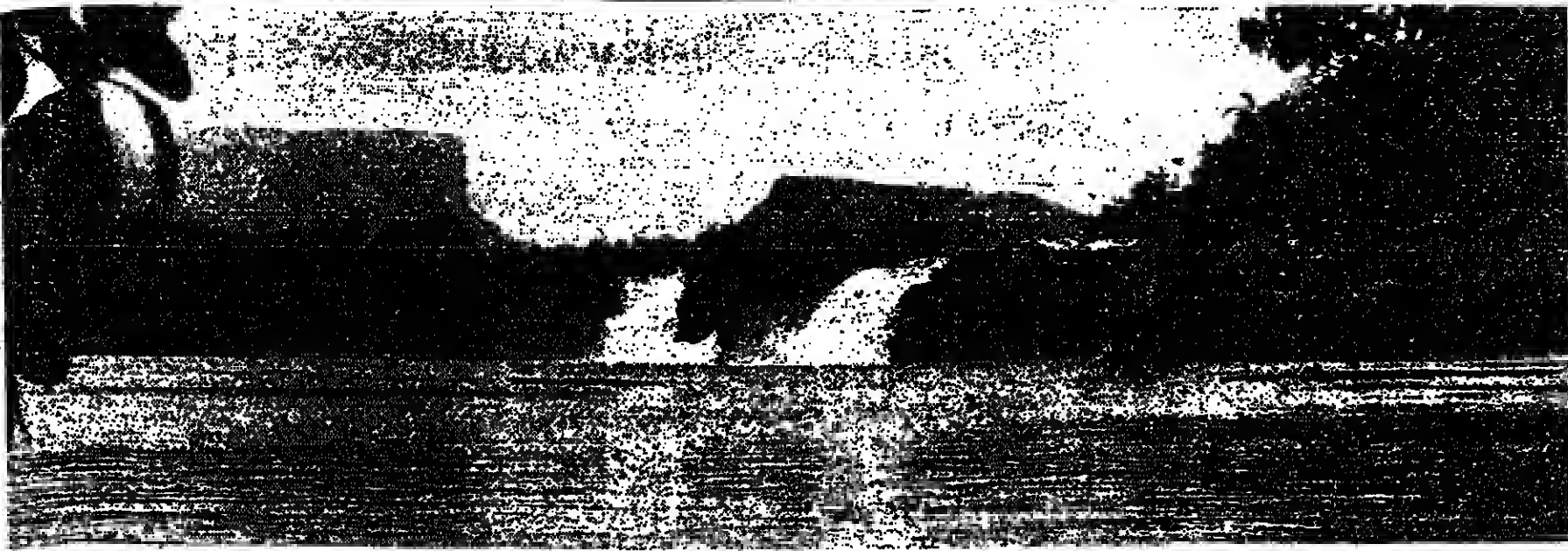


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مكذاه من لاصيل



The lagoon and Hacha Falls at Camp Canaima, which has nearly 60 small bungalows for about 160 tourists. The falls feed jet-black water into the lagoon stained by the tannic acid in the earth.

## Discovering the lost world

by Michael Frenchman

never with the winds, the spirits of the angels fly. The land he loved—the waterfall he loved, the memory will never die.

—James "Jimmie" Angel (1899-1956): jungle pilot, explorer, aeronaut, discoverer of the Angel Falls.

used to take parties on way up past the falls, one lot was attacked by Indians and the Government stopped us from taking more. "Jungle" Rudy. We were a thousand from somewhere deep in tropical rainforest of Guayana. Well, not exactly here but near Canaima, mysterious, deep black in the wilds of the jungle that inspired Sir Conan Doyle to write *Lost World*.

"Jungle" Rudy, a lean, balding Fleming, runs a tourist camp just on the edge of the lagoon on the edge of the Carrao river. This place you really are in. It is half an hour's ride by Land-Rover over boulders and along steep river beds to a concrete airstrip, the only one with the outside of it.

From there it is an hour's flying to reach the nearest town, Bolivar, the nearest town whose tentacles reach outwards through the jungle in the direction of Canaima. Apart from the occasional aircraft bringing tourists from Caracas nothing disturbs the

silence, no telephone, no telegraph, no cars, no roads, just an empty nothingness.

Yellowing grass unfolds into the distance and rolls here and there into craggy gorges. And up one of these chasms lies one of the most incredible natural sights of the world, the Angel Falls. There a torrent of water in two streams pours 3,213 ft down the side of the gorge, the highest waterfall in the world.

It is best seen from the air. When weather permits, an old piston-engine Conquest aircraft thumps its way over the lagoon at Canaima and then threads its way through the canyon. Outcrops of rock lean menacingly towards the wingtips as the aircraft weaves its humpy course up the gorge. Swirling mists momentarily obscure the gorge's sides.

Suddenly it is there, apparently just outside the aircraft's window, a streak of white water surging with snout and flocked with sunlight. You can almost reach out and touch the water as it hangs motionless in the sky all silent and still, its roar drowned by the racket of the aircraft's old piston engines.

The falls are named after a veteran American bush pilot, James "Jimmie" Angel, who flew over the canyon and landed on the edge of the falls at the top. His aircraft came to rest in soft marsh, the only reasonably flat place. He had hoped to take off again but found it impossible as the

wheels of his aircraft had sunk into the mud.

Angel and his crew climbed down the 3,000ft side of the gorge to the valley below and, braving the Indians and jaguars, made their way back to civilization. It took them about three months. Their aircraft remained on top of the waterfall until the mid-1960s when the Government decided to remove it. A team of air force engineers dismantled the aircraft and took it to Caracas, where it was reassembled and placed in a transport museum.

At the falls there is nothing but white water. But down at Canaima about 20 miles away a lower group of falls, the Hacha, feed jet-black water into the lagoon stained by the tannic acid in the earth. It makes a stark contrast to the white, sandy beaches dotted with the odd palm tree which fringe its shores. In the distance, flat-topped table mountains Roraima and Auyán Tepui form a silent backdrop to a seemingly dead landscape of wilderness.

Few people have visited this region which is still to a large extent unmapped. A scattering of Indians, a few animals, reptiles and insects are the only life. Nothing else stirs, no bird flies or sings. All have been driven off by man, white and coloured. There has been a two-year ban on hunting to try to let the wild life re-establish itself. "Jungle" Rudy is a warden in charge of the area which is now a national park.

The main settlement by the lagoon, Camp Canaima, has nearly 60 small bungalows which can accommodate about 160 tourists. The camp is usually full and visitors are urged to book well in advance, at the same time as they arrange their air ticket from Caracas.

Farther along the river at Upper Canaima is Rudy's camp. He is the only official guide in the area where he has spent the past 18 years. He can take about 20 people in small well-equipped buxalows which he has built with the help of his wife. Most people would be surprised to find the taste of luxury that he tries to provide for his guests so far from nowhere.

One of the main attractions of Upper Canaima is Rudy's expedition to the falls. He usually takes about six people at a time and the journey, on foot, lasts about three days. All supplies are taken by the party who are able to stay in a small refuge hut when they get to the falls. It is an arduous journey but any reasonably fit person can manage it without too much trouble. There are also a number of other excursions arranged by Rudy to the various mountains and trips in long dug-out canoes on the river.

The hardworking Indians seen in both Camp and Upper Canaima are straight from the jungle. On their days off they take off their western-style clothes and wearing only their Selko watches and carrying their

bows and arrows disappear back into the hush to rejoin their families.

Nothing is ever quite what it seems in Venezuela. "You want nice diamonds?" asked the unshaven apparition with a glint in his eye at Ciudad Bolívar airport on my way back from Canaima. In his fingers something caught the sunlight. "Very cheap, sexy too, m'go," he persisted.

"Si, plastique?" I retorted.

"Ah, you no Americano, no gringo," he stated and the far-away look in his eyes melted. He fumbled in his pocket and pulled out a grubby knotted handkerchief. With the practised air of a failed hustler he flipped it open on the top of the bar.

Two dozen rough pieces of quartz-like rocks rolled across the madeira wood bar. Diamonds, jungle, waterfalls give a taste of romance to the assiduous tourist who has deserted the fleshpots of Caracas. But there are the more traditional attractions. Lovely beaches near Puerto La Cruz where Melia, the Spanish hotel combine, opened a large new hotel just over a year ago. It is also opening one in Caracas shortly.

There is Cumana, with its old fort, reputed to be one of the oldest cities in the Americas. It is said to be the first place that Columbus sighted although he did not land there at the time. There is a good small hotel on the shore with excellent sea food just outside the town. Far-

ther to the east are innumerable palm-fringed bays dotted with small hotels of a simple kind. One of the main attractions is the island of Margarita with its traditional pearling and extensive range of duty-free goods.

Tourism on the whole is in its infancy. Venezuela's (Venezuela is yours) is the Spanish slogan adopted by the tourist board. There is a lot to be given to the visitor and not much of it well known. As the new-found wealth increases primary effort is being made to develop the internal market.

The Government sees the exploitation of tourism as part of an overall plan to decentralize and stimulate regional growth by providing service employment to the large unskilled population in the rural areas. There are as yet no grandiose plans for tourist complexes such as those in Brazil or Mexico. For the foreigner this is something in his favour. Away from Caracas with its teeming masses, its buildings glued to mountainside like bees on a honeypot, there are plenty of other attractions to be found to the wild.

How to get there: British Airways and Viasa operate four flights a week to Caracas. Excursion fare is approximately £352. From April 9 Concorde will be flying from Paris to Caracas. Return fare £906. There are daily flights from Caracas to Canaima operated by AVENSA.

The Angel Falls, one of the most incredible natural sights of the world. A torrent of water in two streams pours 3,213 ft down a craggy gorge, making it the highest waterfall in the world.



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## Two ways Britain can help—and help itself

by W. M. Clarke

In the light of Venezuela's new-found wealth, there seem to be two ways in which Britain can help Venezuela, and thereby help itself. First, we can offer Venezuela the services of the City of London, and second, we can supply it with an increasing volume of capital equipment.

Venezuela, unlike a number of the oil-rich states in the Middle East, already has a thriving and balanced economy, built around a firm infrastructure. Unlike other countries that have suddenly become rich, Venezuela can use its money rapidly. This is where Britain's industries producing capital equipment can help. In Venezuela's development areas, such as Guayana, there already exists a state development corporation which can immediately apply the considerable funds available for the purchase of foreign capital equipment.

At the same time, the City of London, with its wide range of services, can help not only in the short term but also in the long term. The City deals in short-term money, it also offers extensive investment services. But perhaps the City's unparalleled strength is in its experience in long-term finance. It can advise on financial developments at all levels: for example, Venezuela's favour, perhaps the most important difference lies in the currency situation. New York is the financial centre of the world's key currency. The City was that once, many years ago, when sterling was the most important currency in the world; but as sterling has declined, London has increasingly become the world's leading Eurocurrency centre.

Of the bank deposits in London, more than one third is in sterling. Of course, the most important of the other currencies is the dollar. London is where you can find the bank of America from California and the First National City Bank from New York in an equal position. It is the international centre for dealing in dollars outside the country of their issue. Also, there is the question of the size of banks. London has big banks; New York, has bigger banks. What relevance this has to Venezuela lies particularly in the aspect of syndication. As projects requiring finance get bigger and bigger, more and more does this financing have to be done by a group of banks. And the City, perhaps because the banks here are smaller and



All roads lead to Caracas, and last November the Committee on Invisible Exports arranged a visit of about 40 City of London personalities for a three-day seminar.

more various, has had a longer tradition of syndication of banking services than New York. Sir Jeremy Morse, the deputy chairman of Lloyds Bank, in his closing remarks at last November's meeting in Caracas, pointed out that the seminar was a syndicated effort on the part of the London banks to explain what they could do for their Venezuelan hosts.

Although the world is said to be shrinking, there is clearly room for both New York and London. This is particularly true in the case of the Eurodollar loan back-up to the Eurobond market. The Eurocapital market, originally developed from the insufficiency of single national capital markets. Right from the beginning of the development of the Eurodollar market in London, the concept of syndication was incorporated, syndication of banks not only British but from countries throughout the world.

Surely there is an opportunity for the Opec surplus countries to come in alongside the private banking system to take up longer-term maturities for the less developed countries, thereby forming a partnership and strengthening the system that prevails in London. But in some cases Opec countries themselves will wish to borrow money. For

example, the Corporación Venezolana de Guayana (the regional development agency set up by the Venezuelan Government in 1960), will require between £500m and £800m from external sources. CVG will probably start tapping the international money markets this year, through export credits, syndicated loans and bond issues. The City can provide all these facilities.

Further, there is an opportunity for Opec countries such as Venezuela to cooperate in the formation of institutions which could well provide an institutional back-up to the Eurobond market. This would help to alleviate some of the difficulties now facing this market. But it is in the general area of what the Governor of the Bank of England called the "transfer of financial technology" that the City of London can best help Caracas. The expert professional knowledge accumulated over a long period in the City can be readily adapted to the needs of Caracas.

Caracas rightly has aspirations to become a regional financial centre in its own right. But this cannot be done overnight. Rather, there must be a steady transfer of financial technology. To speed this process machinery is being set up to

increase and make easier the training offered to Venezuelans in the City of London. Of course, many young Venezuelans have already been, or are being, trained in the City of London, sometimes through formal education, more often through a period of time with a City bank or company. But now the Committee on Invisible Exports is working out the best way to ensure that any ad hoc requests for training in the City are dealt with quickly and efficiently. This may well amount to a clearing house for such requests: the information on banks and other institutions will be gathered together in one place so that requests for training can be matched to the existing opportunities.

Finally, a visit to the City of London by a group of up level Venezuelan bankers, including one or two from the public sector, is being actively considered, possibly for early summer this year. Such a visit was first mentioned at the City seminar in Caracas last November: it will do much to strengthen the close relationship between the City and Caracas already established.

The author is director, Committee on Invisible Exports.

## Supporter of unity and region's spokesman

by Patrick Knight

When considering Venezuelan foreign policy, it must not be overlooked that well as the generous way in which Venezuela has helped the birthplace of Simon Bolivar, the great liberator and unifier of Latin American peoples. There are many in Venezuela, and the president is one of them, who feel it inappropriate for Venezuela to aspire to a leadership role in the region. Being one of the few democracies remaining in Latin America, however, and a convinced supporter of all integration efforts, it is encouraged to be a spokesman for the region and to exercise a moral leadership.

Venezuela is taking the implications and responsibilities of its newly acquired wealth seriously. President Pérez is attempting to use the extra power and influence as a weapon in what he identifies as the continuing struggle for greater economic parity with the developed nations of the West for Latin American countries. This is what makes his support for the Andean Pact, the created Latin American Economic System (Sels) and for the Caribbean and Central American common markets so strong.

Venezuela is in a unique geographical and political position to ensure that the three regional groupings with which it has close relationships maintain the longer term view of continental integration and cooperation, so that eventually all the nations of the continent can act with unity.

Venezuela is above all a supporter of Latin American unity. The Andean Pact is a grouping of countries within the Latin American Free Trade Association (Lafra) which were concerned in the 1960s that their interests were being overlooked and prejudiced by those of the three large nations, Argentina, Brazil and Mexico.

They thus resolved to draw together and form a grouping which could best protect itself within the Latin American whole, and be able eventually to compete on equal terms with the giants. This remains the ultimate objective. Groupings with similar aims are Caricom and the Central American Common Market.

The peaceful and successful nationalization of its oil

and iron ore resources, both the headquarters of the Andean Finance Corporation, through which finance for developments within the Andean Pact is arranged. Venezuela has helped to make the Andean Pact a much more potent voice which is heard in the rest of the world too, as befitting that of a nation which has funnelled 8 per cent of gnp in aid to other Third World countries through Opec and other agencies in the past two years. This is a much higher figure than that of any developed nation.

Although a latecomer to the Andean Pact, largely because of fears of the economic consequences to its recently created, high-cost and highly protected industry, Venezuela is an active member. Although progress towards integration has come to an abrupt halt, President Pérez is confident that it will be shortly resumed.

He feels that one of the main reasons for the present position was the over-ambitious timetable for tariff reductions, and for the introduction of the new plans for major industries, notably the motor industry. This has unfortunately coincided with severe pressure on the economies of the other five members.

President Pérez does not wish to see a repetition of what happened with Lafta. In the absence of any fixed dates for tariff reductions, little has been achieved, but he does feel that a more flexible timetable is required. He also emphasizes that the concept of integration and interdependence within the Andean Pact signifies a much greater sacrifice and change to the six than does membership of the EEC.

With Mexico, Venezuela has been one of the prime movers of the concept of the newly founded Latin American Economic System, whereby all the nations of Latin America will together study the viability of regional multi-national companies. It is planned that Sels should be flexible, taking advantage of opportunities as they arise. The Sels headquarters have been established in Caracas, and a nucleus of staff selected.

Sels is seen by the President as fundamentally a mechanism whereby the countries of Latin America will be able to exert economic pressure on other power blocks in the world by increasing their bargaining power. Caracas is also

the headquarters of the Andean Finance Corporation, through which finance for developments within the Andean Pact is arranged. Venezuela has helped to make the Andean Pact a much more potent voice which is heard in the rest of the world too, as befitting that of a nation which has funnelled 8 per cent of gnp in aid to other Third World countries through Opec and other agencies in the past two years. This is a much higher figure than that of any developed nation.

It is felt in Caracas that the Caribbean countries, the Guyanas and Surinam are beginning to feel themselves part of Latin America rather than as a separate entity, and Venezuela, which has lent considerable amounts to the Caribbean Development Bank, wishes to encourage this.

As a suddenly wealthy power, Venezuela is having to move with some caution among the multitude of small nations in the Caribbean. One example of how misunderstandings can occur and tensions can be raised was over bounties purchasing deals with various Caribbean countries and Guyana and Surinam.

A contrast has been signed whereby Jamaica will supply 400,000 tons of bauxite to Venezuela for its new aluminium smelter in the Guyana region. Trinidad's Prime Minister, Dr Eric Williams, concerned that the aluminium projects in Trinidad and elsewhere in the Caribbean, as well as the future of Caricom might be prejudiced by what he called "Bilateral deals" called Venezuela a power with imperialist ambitions.

This hurt deeply, but is the problem of every creditor power, wherever its intentions. Venezuela has never been a country with expansionist traditions, and the aid and cooperation it has given out of a feeling of solidarity. Also, because of something of a guilty conscience about the new wealth created without much effort. Some of it is being put into the same category as an unfriendly power.

In the spirit of Bolivar, Venezuela takes every opportunity to press for the Panama Canal to be handed over to Panama at the soonest possible date. There is a growing effort to broaden the range of countries dealing with Venezuela. There are opportunities for European countries to enter into various types of partnerships, and in the benefits of

should be involved amicably, and the spirit of the left, have no interest in aggravating the matter. It is likely that by some mutual territorial concession by Guyana to satisfy pride, the problem will be solved at or before that date.

Some interests in Venezuela are attempting to mobilize public opinion against the Forbes Burnham Government over the Cuban refuelling stops en route to Angola. The danger of Guyana becoming a new bridgehead of Cuban infiltration of the continent is being expressed, but this fears have aroused little reaction. Cuba is no longer seen as a real danger to Venezuela.

The situation with Colombia could be more serious, as there might be oil under the small area of water in dispute. Because of the Andean Pact, and President Pérez's personal interest, cooperation with Colombia is at a high point and trade is growing fast. There are some interests, notably military, which might be against the cooling of any claimed territory, but it is probable that arbitration will be sought.

Venezuela's level of trade with the United States remains high. About 45 per cent of both imports and exports continue to be with that country, and although there is a long-term aim to diminish the level of dependence on one market and one supplier, the level of United States investment will inevitably mean that that country remains dominant. President Pérez is in any case an admirer of what he considers to be the last virtues of the United States, and the principles of its founding fathers and early leaders.

The United States foreign trade law is much resented in Venezuela. Having continued to ship oil to the United States during the Arab boycott, as it has always done without a break, Venezuela resented being put into the same category as an unfriendly power.

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